A STUDY of Management and Accountability in the Government of Ontario

Price Waterhouse Associates
MANAGEMENT CONSULTANTS

The Canada Consulting Group Inc.

STUDY OF

MANAGEMENT AND ACCOUNTABILITY

IN THE GOVERNMENT OF ONTARIO

JANUARY 1985

January 22, 1985

The Honourable George R. McCague,
Chairman, Management Board of Cabinet, and
The Honourable Larry Grossman, QC,
Treasurer,
Government of Ontario,
Queen's Park,
Toronto, Ontario.

Dear Sirs:

We are pleased to present our report on our study of management and accountability in the government.

In the course of our work we interviewed and subsequently reviewed our conclusions with a number of ministers, all deputy ministers and the Provincial Auditor. In gathering information and opinions during the early stages of the study, we had discussions with well over one hundred senior public servants and examined the application of government-wide processes in four representative ministries. We also met with the former Chairman of the Public Accounts Committee and members of the opposition parties. We accumulated pertinent information on practices in other parliamentary jurisdictions by interviewing officials of the other provinces and the Government of Canada, and by reviewing documents of the United Kingdom and Australia. We also reviewed practices in the United States, but the congressional system functions quite differently and many of the practices used there are not applicable to a parliamentary system. We surveyed twenty-eight major Canadian private sector organizations to secure information on their managerial practices, trends and innovations. Thus, there has been the opportunity for broad input and for extensive reaction as we formulated our conclusions.

We received invaluable assistance from the study's steering committee of deputy ministers, private sector corporate executives and the former Provincial Auditor.

The report sets forth our key recommendations in a concise fashion. An extensive set of accompanying background papers presents our detailed findings, conclusions and recommendations. As the study progressed, we reported to the steering committee on interim findings. The background papers will be of help to those responsible for considering and acting upon our report.

Our recommendations are directed at maintaining and strengthening Ontario's accountability structure, management policies and the managerial working climate.

It is an honour for us to be of service through the study.

Yours truly,

Price Waterhouse Associates and The Canada Consulting Group Inc.

STUDY OF
MANAGEMENT AND ACCOUNTABILITY
IN THE GOVERNMENT OF ONTARIO

REPORT

JANUARY, 1985

Our mandate was to make recommendations to improve

- the government's accountability structure, by clarifying the responsibilities of and relationships between ministries and central agencies;

- management policies, by determining how administrative rules and management practices can further encourage prudence, probity and efficiency; and

- the attitudes and motivations of managers in the civil service, and the related development of human resources, by promoting a working climate that fosters adherence to the rules, value for money and innovation.

Our study was initiated by the government in response to concerns that lines of accountability were unclear, that rules were not always followed and that controls might not be adequate. The primary objective was to ensure that the government continues to provide the public with the best possible service in the most economical way.

We found that

- A reasonable accountability structure -- who is accountable to whom for what -- is in place, but could be strengthened. While underlining the deputy minister's day-to-day responsibility to the minister, links between deputy ministers and Management Board, and between deputies and the Premier, should be clarified and enhanced.

- The administrative rules in the government's Manual of Administration generally are sound and are well accepted. However, there are ways to improve the content and format of the rules, strengthen commitment to compliance, keep them up to date with emerging needs, and see that they do not inhibit efficiency or creativity. Management Board and the Civil Service Commission have initiated many improvements in government-wide management practices; there are opportunities to make these practices more effective.

- The working climate and the attitudes of senior civil servants broadly indicate a healthy management organization that is dedicated to getting things done. But changes are needed to inculcate a consistent and strongly held value of getting things done within the rules.

The recommendations define and enhance the authority and accountability relationships among the ministers, their deputies, the Premier and Management Board. They would make the Manual of Administration a more effective instrument of policy. Further, they can enhance the working climate and ensure that innovation and achievement of goals within the rules are pervasive values in the civil service, so that the public of Ontario continues to be well served.

Clear Accountability

In theory, accountability in the democratic parliamentary system in Canada is simple. Governments draw authority from the electors and are accountable to them for the exercise of it. Within the system, the government collectively is accountable to the Legislature for its policies and programs, and individual ministers are accountable for the activities of their ministries. This we refer to as "public accountability".

We regard the accountability structure or framework within government as the set of relationships through which

- responsibility and authority are delegated by one organization or person to another;

- a base of objectives, expectations and performance review is established for the exercise of that responsibility and authority;

- a rendering of account take place; and

- approval or discipline may ensue.

All four of these elements should be present for a true accountability relationship to exist.

The growth and pervasiveness of modern government have led to the development of structures and practices which often seem to blur the lines of authority and accountability. One of the elements complicating the accountability structure is the role of the central agencies — Management Board, the Civil Service Commission and the Ministry of Treasury and Economics. These agencies assist Cabinet by operating processes of internal accountability in order to keep control and to promote probity, efficiency and a high quality of management.

These complexities in organization and processes are by no means unique to Ontario. Under any parliamentary and cabinet form of responsible government, accountability relationships necessarily are complicated and intertwined. Governments in Canada, the United Kingdom and Australia carry on the affairs of government through numerous and overlapping lines of accountability.

Nonetheless, the principle of ministerial accountability and responsibility, which is most visibly exercised in Question Period and in consideration of the Estimates, is a fundamental tenet of government in Ontario. This principle is central to our study, and our recommendations are intended to reinforce it.

We recommend that

1. **Responsibility and accountability of the minister for total ministry performance be continued and clearly recognized, in keeping with the traditions of a parliamentary democracy.**

Each minister is accountable to Cabinet and to the Legislature, and ultimately to the public, for a ministry's total performance: its policies, programs and management. It is the responsibility of the deputy to support the minister by ensuring that policies are carried out, programs are administered effectively and efficiently, the ministry is managed in accordance with policies set by Management Board, and appropriate advice is given to the minister.

We met many ministers and every deputy minister during our work. These discussions led us to believe that ministers and deputies have a consistent understanding of and respect for each other's duties and responsibilities.

A minister's or deputy minister's relationships with central agencies or officials should not detract from the public accountability of ministers for all aspects of their ministries. Other accountabilities of the deputy minister -- to the Premier, to Management Board and to the Civil Service Commission — should complement and support the responsibility of the minister.

The Premier appoints all deputies, and assigns them to ministries for a three-year term. Their relationship to the Premier complements the relationship to their ministers. Deputies are accountable to the Premier for fulfilling the Premier's expectations of them when they were appointed and for satisfying government-wide interests and responsibilities as senior servants of the government. Normally there will be harmony between the deputy's duty to serve the Premier and to serve the minister; if an irreconcilable conflict arises, the Premier has to resolve it.

As a committee of Cabinet, Management Board is responsible under its governing Act for directing the Estimates process, coordinating the implementation of programs, assessing program results in relation to resource allocations, controlling expenditures, prescribing administrative policies and initiating improvement in management practices. The Board's duties echo those of counterpart bodies in other parliamentary jurisdictions.

The Premier and Cabinet look to their colleagues on Management Board to establish sensible and clear rules to maintain integrity and prudence, and to foster economy, efficiency and effectiveness. These are logical and practical expectations. Accountability relationships of ministries with

Management Board are an internal tool of the executive; they are not a substitute for the public accountability of ministers and Cabinet to the Legislature and through it to the public. Deputy ministers must be responsible for managerial performance both to the minister and to Management Board.

Management Board has effective methods for monitoring expenditure budgets and for taking corrective action if these get out of line. The accountability relationship between deputy ministers and Management Board for such matters as expenditure and manpower control is well established and thoroughly understood. The managing by results process has provided a technical approach to measure achievement of goals, but further development and refinement are necessary to make it work better. The annual management review of the deputy minister with the Board provides a good accountability forum on results, program management, productivity improvement and audit but, as we note later, should be enhanced.

In the area of management policies, the Board has developed rules and practices to be applied in ministries but has no systematic method of knowing whether ministries comply with them.

It would be a misuse of public money for Management Board to duplicate the work of the ministry internal audit and the Provincial Auditor by formally checking that policies and decisions of Management Board are carried out.

However, Cabinet should be assured that Management Board has sufficient authority to ensure that ministries are complying with Board policies as well as maintaining a satisfactory standard of management. We believe that the Board has, under its Act, the powers needed to exercise this authority.

To strengthen the accountability relationship between deputy ministers and Management Board for administrative rules and management practices, our proposal is to provide for formal delegation of authority from the Board to each deputy for the Board's management policies. The deputy will then make decisions and ensure compliance within this delegated authority. In this way the deputy would be accountable to the Board for the ministry's actions under the delegated authority. The Board should be responsible to work out a satisfactory mechanism for delegating authority to and monitoring information on compliance by each ministry.

A precedent for this approach has been operating in the human resource management area in the Ontario Public Service for some time. Under the Public Service Act, the Civil Service Commission has authorized deputy ministers to exercise its functions and powers in classification and recruitment matters. The consequent accountability of the deputies to the Commission for performance has existed for ten years, and reviews done by the Commission show that deputy ministers have exercised their authority well.

Management Board must be able to act if a ministry does not comply with Board policies or decisions. Beyond instructing the minister and the deputy that compliance is imperative, the Board should have a clearly understood mandate to go further by withdrawing authority it has delegated to the deputy. This would be an action of last resort, taken only after approval of Cabinet.

We recommend that

2. **Management Board define an accountability relationship for management policies between it and the deputy ministers, based upon the delegation of authority by the Board to the deputies of individual ministries.**

Management Board is in its second year of holding a formal annual management review with each deputy to discuss important current issues and the results achieved with the resources allocated. The review is an important means for maintaining accountability. We propose extending the subjects of the review to cover the full scope of the Board's responsibility, including program implementation, expenditures and results; human resources management; general administrative management; information technology; internal auditing; and productivity. These topics should be considered in a thorough meeting of directly interested parties: the minister and the deputy minister, the Chairman and Secretary of Management Board and the Chairman of the Civil Service Commission. The minister's participation is important, because he or she is publicly accountable for these aspects of ministry operations and results. On the basis of that session, a meeting on highlights would be held with the minister, the deputy minister and the full Board.

We recommend that

3. **The annual management review with each deputy minister be expanded to cover all the subjects within the Board's responsibility and to include those parties most directly involved in the accountability relationship. A summary meeting should then be held between the minister, the deputy minister and Management Board.**

The Chairman of Management Board should be accountable to Cabinet and the Legislature, on behalf of the Board, for the managerial policies, processes and practices within which the government operates, for the administrative rules and for decisions taken by the Board. As we have said earlier, it is a basic tenet of the parliamentary system of government that ministers are responsible to the public for all dimensions of a ministry's performance. Therefore, whether authority has been delegated or not, it would be inappropriate for the Chairman of Management Board to be accountable for the actions of a ministry. That accountability should rest with the minister concerned. Similarly the Chairman should not be expected to report to the Legislature on the results of internal accountability reviews.

In the process of appointing deputy ministers, the Premier establishes an understanding of their government-wide role and expectations of them. The Premier also reviews and renews the assignments of deputy ministers at the end of the third year of their term. On both occasions, the Premier should meet personally with the deputy minister and have a full discussion of the principal expectations and essential elements of performance.

We recommend that

4. **The Premier meet with each deputy minister at the time of the first appointment to the rank of deputy minister and prior to the renewal of each three-year term to set out the responsibilities and expectations related to the new or renewed appointment.**

We also propose that the Deputy Minister to the Premier hold an annual discussion with each deputy minister about overall government objectives and their implications for the ministry, issues of government-wide interest and

the deputy's accomplishments and challenges. This discussion would follow a meeting with the deputy's minister and include input from the Secretary of Management Board and the Chairman of the Civil Service Commission. Their advice would be drawn from their regular involvement with each ministry and from the results of the various meetings that Management Board has with the deputy minister of each ministry during the course of the year. The results of these discussions would be reviewed with the Premier, and appropriate advice for each deputy decided upon. In this way, all dimensions of the deputy's accountability can be linked back to the appointment -- that critical point where the responsibilities and expectations for the deputy minister are set out.

We therefore recommend that

5. The Deputy Minister to the Premier carry out annually an accountability review and discussion with each deputy minister on strategic matters relating to the government-wide interest and the ministry, as well as the deputy's accomplishments and challenges.

Effective Rules

The Manual of Administration sets forth Management Board's administrative rules. It is comprehensive, reasonably clear and pragmatic. However, it tends to restrict initiative unduly and to inhibit accountability by including extensive detail, and it lacks a review mechanism to ensure that the rules continue to be effective.

Much can be done to make the Manual a better means for establishing rules to assure probity and prudence and to ensure that the public receives service in an economical, efficient and effective manner.

The varied objectives of the Manual should be clarified, its policies simplified or restated more broadly, mandatory policies distinguished from guidelines, and certain policies updated. The process of revising or developing new policies should be shortened, and training should be given to ministry staff in the aims and usage of the Manual.

We recommend that

6. The Manual of Administration be simplified and clarified, to make it a more effective means for communicating Management Board's administrative policies.

The Working Climate of the Senior Civil Service

We made a thorough review of the functioning of the senior civil service. Generally we think it is serving the province well. We examined the working climate to ensure that our recommendations carry forward the strengths of the Ontario system and that beliefs or values that limit those strengths be redressed in the future.

Several dominant values have a significant influence on the way decisions are made and carried out. Restraint has become reality; it creates a pressure that permeates all decisions and has placed a new premium on value for money. Negotiations over financial allocations are intense and the performance expectations from managers have escalated. Doing more with less has become an entrenched feature of the system.

The working climate embodies attitudes that strive to maintain flexibility and reject bureaucratic extremes. People live with an expectation of the unexpected, and pride themselves in dealing with uncertainty. It is a proud civil service, and its dominant value is getting things done — a strong bias for action. It is also a system that is pragmatic and is less concerned with process than with making good decisions. And, work gets done through the informal organization. Informality is an important part of the system, and administrative controls that are out of phase with the understandings and beliefs of the informal processes are resisted.

The questions around the rules that led in part to this study have a significant element of their origins in the working climate values. The bias for action — getting things done — has from time to time had supremacy over the rules. There has been a sense in the system that getting things done means getting ahead; on occasion you may have to creatively interpret the rules to expedite action. More attention needs to be paid to following the rules as well as getting things done. The recent reminder

from the Premier that rules must be followed should be repeated and reinforced by the language and actions of all ministers and senior officials. We have made recommendations that will clarify the rules and improve the rule-making process. These can be put in place and essential accountability rendered, but a key value in the system must be enhanced as well. Getting things done must continue to be a dominant strength of the system. But, getting things done within the rules must be reinforced in the values.

We recommend that

7. The deputy ministers take the lead in communicating and reinforcing accepted government-wide values in the working climate.

As part of our review of the working climate, we also looked at the way managers are developed and career opportunities are provided, so that the necessary skills and desired values are built into the executive cadre. This is an area that will be increasingly important to government as the requirement grows to develop capable civil service executives for the future. For the most part, our interviews indicate satisfaction with the quality of specific appointments. However, there is growing concern among senior staff that restraint, coupled with new demands placed on government, have increased the need for excellence in the ability of the civil service to identify and develop its pool of current and potential managerial talent.

We recommend that

8. The government-wide commitment to executive planning and development be intensified, and that deputy ministers have the prime role in carrying out the executive planning and development program.

Performance appraisal is a key element in relating the requirements of the system to individual actions. It is an important means of building discipline into the system and in translating administrative policies into sound managerial actions. Our interviews suggested that the kind of dialogue that appraisal requires is too often absent. In addition to the importance of appraisal as a tool for individual performance measurement and

development, it is necessary that the government-wide senior personnel development process work from accurate, up-to-date performance information. As a means of providing this information, performance appraisal is a critical tool of management at all levels. At the executive level, it is absolutely essential.

We recommend that

9. Performance appraisal as a required activity across the civil service be fully implemented at all levels and serve to underscore desired values and performance expectations.

Restraint has made the effective performance of everyone more crucial and it is becoming increasingly important to deal effectively with performance problems, especially at the managerial level.

Many performance problems have their origins in the system or environment and are not necessarily a reflection on the person. For example, clear performance expectations may not have been shared, feedback on performance may not have been communicated, or some people may not be coping well with the direction and pace of change. Technical managers who have served well in the past may now face a shrinking demand for their skills and a growing need to take on new functions.

In other cases, people were promoted beyond their capabilities in a rapidly expanding civil service. As well, some performance problems are just that - a lack of demonstrated ability to do the job. These kinds of situations need a commitment to action ranging from open and frank discussion, through retraining and new job assignments, to flexible arrangements which permit deputies to work out performance problems in order to staff the managerial positions with the most capable talent available.

Many deputies feel present policies are adequate guides, but even more seek new answers. A common approach must be found; it should allow civil servants to prepare themselves for new challenges, and provide a means to deal with those who cannot adapt.

We recommend that

10. The Civil Service Commission gain agreement on a program to deal with all aspects of performance problems.

Executive development should be supported by a well articulated and understood plan for training. There is good support for the individual training to which people are exposed. However, the linkage among programs in terms of their content, sequence and timing falls short of the government-wide requirement at this time. A core set of courses should be in place and, wherever practicable, should be provided in a residential context. Courses should draw on the talents and experience of senior officers, who can provide a key means for imparting the general practices of management and the specific philosophy of the Ontario civil service. The essential values must be communicated and reinforced at the early stages of a senior executive career. We believe that intensified training will yield impressive results, not the least of which will be improved productivity throughout the government.

Decisions on promotions rapidly telegraph the value system of those in senior positions regarding training and performance. Increased recognition of management skills development in candidates for promotion will be critical if the system is to believe that these efforts are of vital importance.

We recommend that

11. Government-wide training be better utilized to reinforce the desired values in the working climate and to build working relationships that are important to executive effectiveness.

* * * * *

In the background papers we elaborate at length on our report. The papers set forth a large number of more detailed observations and recommendations. Their purpose is to strengthen managerial, administrative and human resource policies and practices, and to foster productive relationships between ministries and the central agencies. A list of the recommendations in the background papers follows this report.

Our key proposals for improving management and accountability in the government are few in number and aimed at specific objectives. In large part, this is because the current system has many strengths, and to be effective the agenda for change must be limited. We have charted an evolutionary course for management in the Government of Ontario; we are confident it can be followed.

Building from the sound base that exists, the proposed changes will create a clearer and more effective accountability structure and help to maximize the quality of government management. In turn, clarity of accountability and quality management will contribute significantly to greater efficiency and higher productivity in conducting the government's affairs -- leading to the best possible service to the public and value for the taxpayers' money.

Price Waterhouse Associates and The Canada Consulting Group Inc.

January 22, 1985

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7.4 The senior human resources people in ministries serve as staff support to the Senior Personnel Development Committees, with particular responsibility for implementing plans at the ECP entry level. 120

7.5 The Civil Service Commission play a service and advisory role in support of the government-wide responsibility of deputy ministers for senior personnel planning and development. 123

7.6 The factors that apply to the Executive Compensation Plan, as well as their weighting, be revised in such a way as to integrate senior staff positions into career paths where the potential for advancement is not limited as at present. 125

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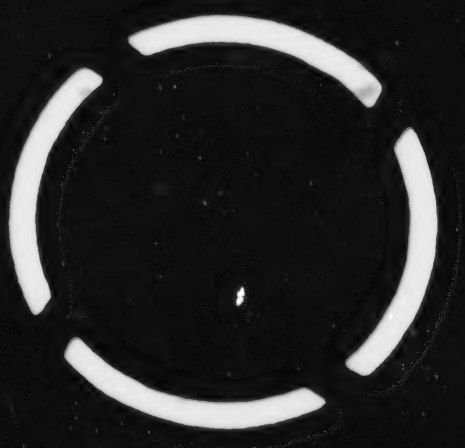
Management and Accountability in the Government of Ontario



Price Waterhouse Associates

The Canada Consulting Group Inc

STUDY OF MANAGEMENT AND ACCOUNTABILITY IN THE GOVERNMENT OF ONTARIO

BACKGROUND PAPERS

JANUARY 1985

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1. THE STUDY SETTING

The Government of Ontario has a long history of examining its structures, managerial policies and practices in the light of its then-current situation and environment, to see that its operations are conducted most effectively and with maximum quality of service to the public. The Committee on the Organization of Government in Ontario, 1959, and the Committee on Government Productivity, 1969-1973, are major examples of the many special studies aimed at better governmental management. Internally, ministries and the central agencies have developed and implemented many innovations over the years, in sustained initiatives to maximize the quality of management.

Restraint is not new to the Government of Ontario. Cost containment has been a priority for at least eight years, and has steadily climbed in importance through that time. Nor are the goals today any different than they were years ago: the central purpose of the Committee on Government Productivity was to "improve the efficiency and effectiveness of the government". But the environment is much different now.

The mood of the public is not "more government", but "less government" and "better government". Governmental revenue restrictions, a difficult provincial economy and inflation have put a tight squeeze on the availability of funds for government programs and personnel. In this environment, it behooves the government to redouble its efforts to achieve the greatest possible efficiency and effectiveness in the conduct of its affairs.

A new environment, creating new needs, is by no means applicable only in the public sector. The private sector in Ontario and elsewhere has gone through its own catharsis in recent times. Increased complexity, international competition, an uncertain economy and an unpredictable future have combined to cause big changes in how companies run their businesses. Many of these changes — cultural, organizational and procedural — offer lessons to the public sector.

Our study is the first major review of Ontario's management practices in over a decade. It is another step in the government's continuing efforts to

achieve the most effective managerial structures and practices, coupled with a working climate ensuring that civil servants can perform at their best.

SCOPE AND OBJECTIVES

The terms of reference for the study of management and accountability are set forth in the appendix to this first paper; they have been excerpted from the government's Request for Proposal of January 24, 1984.

The study was initiated by the government in response to concerns that lines of accountability were unclear, that rules were not always followed and that controls might not be adequate. These concerns stemmed in part from the Provincial Auditor's 1983 Report and discussion of it by the Public Accounts Committee. The primary objective was to ensure that the government continues to provide the public with the best possible service in the most economical way.

Our mandate was to make recommendations to improve

- the government's accountability structure, by clarifying the responsibilities of and relationships between ministries and central agencies;

- management policies, by determining how administrative rules and management practices can further encourage prudence, probity and efficiency; and

- the attitudes and motivations of managers in the civil service, and the related development of human resources, by promoting a working climate that fosters adherence to the rules, value for money and innovation.

THE WORK OF THE STUDY

The study was performed jointly by Price Waterhouse Associates and The Canada Consulting Group. It started in March 1984 and concluded in December 1984.

We received invaluable assistance throughout from the study's Steering

Committee. The Committee comprised

- Thomas Campbell, Deputy Treasurer (succeeded in August by Brock A. Smith);
- Robert D. Carman, Secretary of the Management Board;
- Arden R. Haynes, President, Imperial Oil Limited;
- Ethel McLellan, Chairman of the Civil Service Commission (who joined the Committee in July);
- Norman Scott, the retired Provincial Auditor;
- Glenn R. Thompson, Deputy Minister, Government Services;
- Lynton R. Wilson, President and Chief Executive Officer, Redpath Industries Limited; and
- Adam H. Zimmerman, President and Chief Operating Officer, Noranda Inc.

The principal elements of the work undertaken in conducting the study were

- interviews with a number of ministers and with representatives of the Opposition parties;
- interviews with all deputy ministers;
- interviews with numerous assistant deputy ministers, executive directors, directors and staff of ministries and the central agencies;
- interviews with the Chairman of the Public Accounts Committee, the Provincial Auditor and the Assistant Provincial Auditor;
- discussions, in groups of four or five people, with one hundred and twelve assistant deputy ministers, executive directors and directors, and analysis of a questionnaire filled in by each person;

- sessions with functional staff groupings, such as ministry chief administrative officers and the Internal Audit Council;

- discussions with the senior officers of, and review of the application of government-wide processes in, four representative ministries;

- analysis of a comprehensive questionnaire on deputy minister views, completed by each deputy;

- reviews of pertinent written material, including historical documents, reports of earlier studies, descriptions of present practices and other internal governmental documents;

- gathering of information on current structures, practices, issues and plans in other governmental jurisdictions, by interviews with officials of other Canadian provinces and the Government of Canada, and by reviewing reports and other material from the United Kingdom, Australia and the United States; and

- a survey, through personal interviews of senior executives, of twenty-eight major Canadian private sector organizations to secure information on their managerial practices, issues, trends and innovations.

Many meetings were held with the Steering Committee and other groups to discuss the study's findings, issues, conclusions, options and recommendations. Lengthy meetings were held with the deputy ministers, in groups of two or three, in the period from September to December to secure their comments upon our findings and draft proposals.

As the study progressed, we provided documents to the Steering Committee on interim findings and on the results of our surveys of the working environment, of practices in other governments, and of private sector management. These documents, with the background papers, will be of help to those responsible for considering and acting on our report.

APPENDIX TO PAPER 1

TERMS OF REFERENCE
FOR THE STUDY OF
MANAGEMENT AND ACCOUNTABILITY

THE GOVERNMENT OF ONTARIO

(from Request for Proposal, January 24, 1984)

BACKGROUND

The Chairman of Management Board and the Treasurer are requesting proposals for a study of Ontario's corporate management and accountability framework. The purpose of the study is to examine current policies, processes, practices, roles and responsibilities, and to make recommendations for strengthening and enhancement which will contribute to improved service to the public. The study will give equal consideration to those factors which have contributed to the existing quality of service to the Ontario public. The recommendations for improvement to the management and accountability framework must ensure that the maintenance and enhancement of productivity will be promoted.

The current management and accountability framework has evolved from the recommendations of the Committee on Government Productivity which reported in the early 1970s. The Committee studied the functions and responsibilities of Cabinet and its committees, central agencies and line ministries, and of ministers and public servants. A series of proposals were made which resulted in structural change and some modification in the roles and responsibilities of the players.

Implementation of the structural changes was carried out in 1972 and 1973. The management and accountability proposals were implemented over a longer time period with changes taking place through the mid-70s.

One of the more significant of these adjustments took place in 1972 - 1973, when the pre-audit control methodology was dropped in favour of a post-audit approach. Shortly thereafter, in 1974, the Managing by Results concept was introduced to the Ontario Government to provide a results focus in program management and to facilitate accountability for the use of resources. This effort was reinforced in 1980 by the establishment of the Managing by

Results Improvement Project which further refined and promoted the results approach.

In 1980, Management Board of Cabinet also placed renewed emphasis on management improvement through its Management Standards Project. Cabinet approved a Management Philosophy for the Ontario Government and standards were developed for a range of management practices. Ministries are now in the process of implementing three-year plans to improve their internal management processes where required.

In the business environment, the recent economic downturn has focused increased attention on the link between modern management practices and productivity enhancement. These practices would appear to have important implications for management in government and an assessment of their applicability to improving the productivity of the public sector would be an essential part of any review of management in government.

PROJECT OBJECTIVES

The study shall include an examination of and proposals on the following:

(1) The accountability framework focusing on the relative roles of the line ministries and the central agencies, with particular emphasis on the ministerial and senior executive levels.

(2) Corporate administrative policies and practices in relation to:

a. their appropriateness in meeting probity and prudence requirements;

b. their efficacy in promoting economy and efficiency;

c. their impact on achieving productivity improvement and gains in the effectiveness of programs for the public; and

d. the methods through which a high level of compliance can be ensured.

(3) The corporate climate and the motivational and attitudinal environment as they relate to:

a. innovation and creativity;

b. economy, efficiency and effectiveness in meeting public service needs;

c. dissemination of corporation management values and standards through the development of future senior managers;

d. methods for improving the identification and development of future senior managers and for providing them with a broad range of experience;

e. review of the working environment and conditions of senior management and methods by which productivity and effectiveness might be improved;

f. rewards and incentives; and

g. the accountability of senior managers.

The study will be confined to the ministry and central agency operations of the government and shall not pertain to agencies, boards, commissions, or groups in receipt of transfer payments.

2. THE ACCOUNTABILITY STRUCTURE

Our review led us to conclude that a reasonable accountability structure is in place, but that it could be strengthened. While underlining the deputy minister's day-to-day responsibility to the minister, we believe that links between deputy ministers and Management Board, and between deputies and the Premier, should be clarified and enhanced.

In interviews and discussions with government managers over the course of the study, we heard many positive comments about steady improvement in the quality of management in the ministries, assisted by the activities of Management Board and the Civil Service Commission. There is a widespread feeling that much has been done, but that the task of raising the quality of managerial results is a never-ending one. Managers do not want to rest on their laurels. New approaches and ideas emerge continually in governmental and private sector management. One of the important duties of ministry managers and of Management Board and Commission staff is to keep abreast of these, and to adapt and integrate them into the government's management practices.

Judging from our conversations with officials of other governments and with corporate executives, they have high respect for the managerial effectiveness of the Ontario Government. In our view, the performance of Management Board and the Civil Service Commission compares favourably to that of comparable agencies in other jurisdictions and of the headquarters organization of major private sector corporations.

Overall, the Government of Ontario has good reason for substantial satisfaction with its progress toward improved managerial performance undertaken by the ministries with the stimulation and help of Management Board and the Civil Service Commission.

During the study it was suggested to us that it would be helpful to prepare a brief document describing the evolution of responsible government, accountability and management practices in Ontario. Appendix A supplies this historical perspective.

THE CENTRAL STRUCTURE

Appendix B outlines the roles, responsibilities and powers of the central agencies of the government, insofar as these are pertinent to our study.

With over twelve years of experience since its formation in 1972, Management Board is well established as a central organ of the government. It is a major committee of Cabinet, made up of a chairman and seven ministers including the Treasurer. It is supported by a staff group, the Secretariat, headed by the Secretary of Management Board who has the status of a deputy minister. Its purpose and responsibilities are understood and accepted throughout the ranks of government managers.

In the past twelve years Management Board has launched many initiatives to encourage and assist the ministries in improving the quality of their management practices and results, thereby heightening the standard of management across the government. These have included the program for Managing by Results; an Operational Review Branch to study practices in individual ministries and recommend improvements, supplanted in 1979 by a program to expand the scope and capabilities of ministry internal audit units; the Management Standards Project to provide guidelines for sound management; the periodical publication "Managing Together"; the Deputy Minister's Annual Management Report before the Board; and a current project to develop an Information Technology Strategy. Each of these activities has contributed to better management within the government. Most are still in the process of implementation, however, and some cannot yet be said to have met completely the aims envisaged for them.

The need for a Manual of Administration is widely recognized, and we make recommendations in Paper 4 to strengthen the Manual to make it a more effective instrument. But the present version in fair measure satisfies the key purpose of prescribing policies to maintain probity and prudence in government administration and to provide for the efficient handling of activities for which government-wide consistency is considered appropriate.

The long-established personnel administrative practices and routines of the Civil Service Commission have their roots in the Commission's operations pre-dating the formation of Management Board. The Commission has sponsored a number of programs over the past decade to strengthen human resource

management in the government. In Paper 7 we make proposals for improving them further.

None of the issues discussed in the remainder of this paper raises fundamental questions about the need for Management Board, its place among the central agencies, the role it fulfils or its key responsibilities. Nevertheless, we do see a need to clarify the nature of the authority and accountability relationships between Management Board and the individual ministries, as well as the responsibility of the Board for the policies it prescribes and the decisions it takes. The recommended changes will enable the ministries and Management Board to function even more effectively under present conditions and, particularly, to position themselves to serve the government's needs through the remainder of the 1980s and into the 1990s.

CLARIFYING THE ACCOUNTABILITY STRUCTURE

Accountability has been defined by Management Board as the obligation of managers to be answerable for fulfilling responsibilities that flow from the authority given them. Elaborating upon that definition, we regard the accountability structure or framework within government as the set of relationships through which

- responsibility and authority are delegated by one organization or person to another;
- a base of objectives, expectations and performance review is established for the exercise of that responsibility and authority;
- a rendering of account takes place; and
- approval or discipline may ensue.

All four of these elements should be present for a true accountability relationship to exist.

Relative Roles of the Minister and the Deputy Minister

We met many ministers and every deputy minister during our work. These discussions led us to believe that ministers and deputies have a consistent understanding of each other's roles and responsibilities.

Each minister is accountable to the Cabinet and to the Legislature, and thence to the public, for all dimensions of a ministry's performance: its policies, programs and management. It is the responsibility of the deputy to support the minister by ensuring that policies are carried out, programs are administered effectively and efficiently, the ministry is managed in accordance with policies set by Management Board, and that appropriate advice is given to the minister.

The principle of ministerial accountability and responsibility, which is most clearly exercised in Question Period and in consideration of the Estimates, is a fundamental tenet of government in Ontario. This principle is central to our study, and our recommendations are intended to reinforce it. None of a ministry's relationships with central agencies or officials should detract from the full accountability of the minister for the affairs of the ministry. Moreover, the accountability of the deputy to the minister should be complemented and supported by the other accountabilities of the deputy -- to the Premier, to Management Board and to the Civil Service Commission.

Ministers are responsible for policy and have overall responsibility for directing the affairs of their ministries. The Public Service Act states that, subject to the direction of the minister, the deputy minister is responsible for the operation of the ministry. From our interviews we conclude that the ministers and deputies have consistent working relationships in which the deputy's operational and executive role complements the policy-making role of the minister. Of course, some ministers choose to be closer than others to the current affairs of their ministries and associated administrative matters. Others prefer to maintain some distance from day-to-day operations and administration. We were told that the deputies keep their ministers well informed of developments, problems, issues and pressures in both program and managerial areas.

It is undesirable to try to delineate with greater precision the respective spheres of the minister and the deputy. Styles will differ from minister to

minister and deputy to deputy, and indeed the ministries differ among themselves in their characteristics, needs and issues. The deputy must not intrude into policy-making -- the deputy's role is limited to explaining policy and providing policy advice to the minister, and the deputy must scrupulously preserve political neutrality. The minister must not become so involved with the management and internal affairs of the ministry that the deputy no longer has a clear mandate and accountability for its internal management under authority delegated by the minister, the Civil Service Commission or Management Board. Within these limits, we believe it should be up to the minister and the deputy to establish a productive working relationship that accommodates itself to the interests, inclinations and styles of each. But -- the minister is in charge; when adjustment is required, the onus is on the deputy to deliver on the policies and directives of the minister.

We recommend that

2.1 Responsibility and accountability of the minister for total ministry performance be continued and clearly recognized, in keeping with the traditions of a parliamentary democracy.

The Deputy Minister's Accountability

The deputy minister is a key figure in the accountability structure. Inevitably the deputy has multiple and overlapping accountabilities. The deputy's principal accountability relationships are

- to the Premier, who appoints all deputy ministers and assigns them to ministries for a three-year term. The deputies should be accountable to the Premier for fulfilling the Premier's expectations of them when they were appointed and for satisfying government- wide interests and responsibilities as senior servants of the government;

- to the minister. As discussed above, the deputy should be accountable to the minister for the operation of the ministry, for performance in the role as deputy to the minister, and for performance in managing the ministry under authority delegated by the minister or others;

- to Management Board. The deputy should be accountable to the Board for the quality of ministry management and performance in the areas assigned to the Board under its Act, and for performance as a member of the government's senior management group; and

- to the Civil Service Commission. The Commission may authorize deputies to exercise any of its powers or functions in recruitment and in position evaluation and classification. The deputy is accountable to the Commission for performance in these personnel matters under the authority delegated. This accountability relationship has existed for ten years and has worked well.

Ministry Accountability to Management Board

Under its Act, Management Board is responsible for controlling expenditures, issuing instructions, prescribing administrative policies and making decisions on ministry submissions. These responsibilities form the basis for an accountability relationship between the Board and the deputy ministers in a variety of dimensions of management: expenditure and manpower control, human resources management, organization structures, results achieved in relation to resources, productivity, information technology, internal auditing and management policies. Management Board has effective methods for monitoring expenditure budgets and for taking corrective action if these get out of line. The accountability relationship between deputy ministers and Management Board for such matters as expenditure and manpower control has been well established for over ten years and is thoroughly understood. The Managing by Results process has provided a technical approach to measure achievement of goals, but further development and refinement are necessary to make it work better. The annual management review by the deputy minister with the Board provides a good accountability forum on results, program management, productivity improvement, application of information technology and audit although, as we note later, it should be enhanced.

It is in the area of management policies that the accountability relationship and methods are unclear between the Board and the deputies.

The Board, and in personnel matters the Commission, take the initiative in creating or revising policies, practices and rules. In the course of doing so, they consult the ministries to which these will apply, to gain the benefit of their views. Some of this material constitutes guidelines to help the ministries in their managerial work; the ministries are not obligated to follow them. Other material, though, sets forth prescriptive policies or rules; it is mandatory for the ministries to adhere to them. We refer herein to the combination of all the policies and rules approved by Management Board as "management policies".

The Premier and Cabinet look to the Board to establish sensible and clear policies to maintain integrity, probity and prudence, and to foster economy, efficiency and effectiveness. They regard the Board as their agent in maintaining the highest possible quality of management throughout the government. While these are logical and practical expectations, they do not detract from or diminish the accountability of ministers for their responsibility in the management of their ministries.

Once the policies have been approved by the Board and are in place, it is up to the users -- the ministries -- to follow them.

Cabinet of course expects its ministers to abide by the policies and to support Cabinet and the Board in seeing that they are adhered to. The minister should require the deputy minister and ministry officials to do the same. Accountability for compliance starts with the person performing an act or authorizing a transaction, and flows upward to the deputy minister and thence to the minister and Cabinet, the Legislature and the public. These primary responsibilities and accountabilities are sound, and in no way do we wish to disturb them.

The position of the Board, in serving Cabinet, needs to be strengthened; it sets the policies but has no assured way to be informed of non-compliance. Further, the Board infrequently has gone beyond the use of suasion in requiring adherence.

Cabinet should have assurance that Management Board has sufficient authority to ensure that ministries are complying with the Board's policies, as well as maintaining a satisfactory standard of management. We believe that the Board has, under its Act, the powers needed to exercise this authority.

To strengthen the accountability relationship between deputy ministers and Management Board for administrative rules and management practices, our proposal is to provide for formal delegation of authority from the Board to each deputy for the Board's management policies. The deputy will then make decisions and ensure compliance within this delegated authority. In this way the deputy would be accountable to the Board for the ministry's actions under the delegated authority. The Board should be responsible to work out a satisfactory mechanism for delegating authority to and monitoring information on compliance by each ministry.

There should be a shift by Management Board away from administrative policies and management practices which are uniformly applicable across all ministries, and toward selective delegation of authority to individual deputy ministers.

The delegation of authority could in time be the same for all ministries. Initially the delegation of authority for particular areas of managerial responsibility to each deputy minister would be tailored to the state of management capabilities in the ministry. Thus, the delegation of authority to the deputy minister would be founded upon the ministry having

- appropriate systems in place for internal delegation, reporting, control and evaluation;

- acceptably qualified ministry officials who can be relied upon to take good decisions and see that rules are followed;

- adequate internal audit capabilities to undertake requisite reviews, through the audit programs, to see that rules have been complied with and that value for money is obtained; and

- sound strategies and plans for continued enhancement of the quality of management.

The delegation of authority from the Board to the deputy minister would be given through a signed agreement, renewable at periodic intervals. Deputy ministers who are able to establish to the Board's satisfaction that they have a high degree of ministry managerial excellence could be delegated extensive powers to act on their own or be in a position to request and receive global approval of plans and activities. This could apply in such

areas as contracting for professional services, strengthening information systems, conducting management development programs, or introducing innovative management improvements.

One approach to this delegation would be to require the submission to Management Board of ministry strategic plans for management initiatives such as the application of information technology. The plans would demonstrate managerial competence in the ministry and the readiness to effectively handle the delegation, and also would provide an accountability mechanism for performance review.

However, we would not see the selective delegation of authority extending to loosening rules aimed specifically at maintaining the highest levels of probity in governmental affairs. For example, we would expect the dollar level of professional service contracts, above which competitive tenders must be secured, to be the same for all ministries.

Nor do we see the deputy minister gaining more discretion in the expenditure of funds as voted in the Estimates; authorization rests with the Legislature, and (apart from Board Orders and Special Warrants) Management Board cannot cause these to be altered. Still, within the limit of the voted funds, a deputy minister might earn from the Board the authority -- a form of contract -- to undertake projects or activities under a broad plan, as suggested above, without clearing each item with the Board. Similarly, the Board's scrutiny of proposals submitted to it might be less searching for those ministries it judges to have a high quality of management and which consistently submit well-documented proposals.

It would be incumbent upon the deputy minister -- with appropriate help and advice from Management Board -- to create and maintain effective structures, systems and staffing to ensure sound program management, financial management, administrative management, and internal auditing. There would be every incentive for the deputy minister and the minister to maintain and enhance the quality of ministry management, in order to receive from the Board full delegation for the ministry to act on its own.

It is neither reasonable nor desirable to vest in the Board an accountability for verifying that ministries are indeed adhering to the Board's policies and decisions. If Cabinet and, through it, the Legislature were to hold the Board accountable for checking systematically that its

policies were applied, the Board would have to add numerous staff members or alter its control relationships with the ministries, in order to make that accountability meaningful. For example, it might choose to form a central internal audit unit, to conduct its own audits of ministry operations and transactions, in order to assure itself that policies were complied with. In our view, this would duplicate ministry internal audit and other controls, and the work of the Provincial Auditor. It would be a misuse of public money, and is not needed to achieve effective control.

Or, the ministry audit units could report directly to the Board instead of (or in addition to) reporting to the deputy minister. This would undermine the effectiveness of internal audit as a service to ministry management and would take away part of the deputy's responsibility for ensuring compliance. Either of these approaches, or any variation of them, would be costly and ineffective, and would blur accountability.

We believe that the approach we propose is simple, straightforward and inexpensive. It would preserve the accountability of the deputy minister to the minister and thence to Cabinet. It would allow Management Board to get problems corrected. Yet it would avoid putting the Board in the untenable position of being accountable for creating and maintaining a surveillance system that would run counter to effective management, would be very costly and would have no certainty of working.

We recommend that

2.2 **Management Board define an accountability relationship for management policies between it and the deputy ministers, based upon the delegation of authority by the Board to the deputies of individual ministries.**

Dealing with Ministry Managerial Problems

What happens when something goes wrong? First and foremost, the responsibility for dealing with the problem rests with the deputy minister. But how does the Board learn about it, and, subsequently, how will it know that the problem has been fixed?

It should be an inviolable duty of the deputy minister to inform the minister and the Management Board, through its Secretary, about significant

managerial difficulties or incidents of non-compliance with the policies. Direct responsibility should lie with the ministry to examine the circumstances, see that remedial or disciplinary steps are taken and discourage recurrence. For its part, the Board should satisfy itself that the ministry has taken adequate action and, if necessary, should work with the ministry to see that this is so.

If the Board considers that the ministry's actions are insufficient, the Secretariat should send in its own people to investigate the matter and make recommendations to the ministry and the Board. This would not be a new practice for the Board and the Secretariat, since this approach is now used regularly for expenditure and manpower control problems. We envisage a broader application of this investigative activity. If the Board continues to be dissatisfied, it may wish to make recommendations to Cabinet.

If there were serious problems in the deputy minister's performance under delegated authority, the Board as a last resort could withdraw some or all of its delegation, after approval from Cabinet. Since the delegation would be specific to an individual ministry and for particular activities within it, there need be no effect upon other ministries or other activities of the ministry. The Board's remedial action would fit the particular circumstances of the case. It might simply suspend delegation, thereby requiring the deputy minister to come to the Board for approvals, or it might impose special administrative controls or pre-action reviews by the Secretariat. Return of delegated powers to the ministry would depend upon resolution of the problems that led to withdrawal and establishing acceptable standards of control.

It is possible there could be non-compliance with the rules on the part of a minister or deputy minister. How would the Board identify such instances? One possibility would be to lodge responsibility with each ministry's head of finance and administration for being the guardian of the ministry's integrity. The head would monitor sensitive areas and report significant deviations to the Secretariat. We do not favour this solution; it would tend to make the work of the head of finance and administration very difficult in other respects.

Instead, we consider it is enough to

- put responsibility on the deputy to report immediately all significant incidents to the Board;

- require ministries to produce selective reports to Management Board in areas where a review of actions may be required (for example, a quarterly record of untendered contracts);

- empower the Board to require a ministry internal audit unit to conduct examinations of specified matters; and

- give Secretariat staff access to internal audit reports upon request, although the Secretariat would not receive these reports routinely.

In sum, then, adopting the principle of delegating authority to the deputy ministers would give the Board considerable strength to reduce the likelihood of compliance problems.

Accountability of Management Board

The Chairman of Management Board should be accountable, on behalf of the Board, to Cabinet and the Legislature for

- the managerial policies, processes and practices within which the government operates (such as the Estimates and the Managing by Results program);

- the policies for administrative and personnel management set forth in the Manual of Administration;

- the communication of standards of behaviour and ethics in such matters as the rules, potential conflicts of interest and acceptable activities of civil servants;

- the administration of the Public Service Act through the Civil Service Commission; and

- decisions taken by Management Board.

It would be inappropriate, however, for the Chairman to be accountable for the performance or actions of a ministry under the delegation of authority from the Board; that accountability should rest with the minister concerned. Nor do we think it appropriate for the Chairman to be accountable in the Legislature to report on information that a ministry supplies to Management Board, on any special study that the Board causes to be conducted of a ministry, or on the Board's evaluation of the quality of a ministry's management or performance.

Cabinet and the ministries should have high expectations of the Board in its tasks of maintaining the rules and raising the quality of management. The Board should

- foster a climate in which its rules can be accepted and adhered to;
- spell out the values and beliefs underlying its policies and decisions;
- see that appropriate orientation and training is provided to civil servants, so that they understand the rules and why they are there;
- administer a responsive process for delegating authority;
- make every effort to have rules that are reasonable, clear and concise;
- be receptive to dealing with ministry requests for exemptions or amendments, on their merits;
- maintain, through its Secretariat, sufficiently close informal relationships with every ministry so that it is aware of attitudes toward the rules and, when appropriate, can reinforce the requirement to follow them; and
- satisfy itself that non-compliance and other managerial problems are dealt with appropriately.

The Board should be responsible to give reasonable assurance to Cabinet and the Premier that probity and prudence are being maintained, and about the state of management across the government.

The Public Accounts Committee

The Public Accounts Committee and the Provincial Auditor call the attention of the government, the minister and the deputy minister to issues of managerial performance and conduct. But neither the Auditor, as a servant of the Legislature, nor the Committee is part of the internal accountability structure, and neither should have a direct role in the government's internal accountability structure.

The work and reports of the Auditor and the Committee are an important influence for good management and a powerful deterrent to breaking the rules. Perforce, the report of the Provincial Auditor is issued long after the events it covers, and the deliberations and report of the Committee come later still. Their active review and reports are key elements of the accountability of the government to the Legislature and to the public. While they buttress the internal accountability structure, they cannot be a substitute for it.

It should continue to be obligatory for each deputy minister to appear before the Committee, on behalf of the minister, and respond fully to its questions and requests for information about the performance of managerial responsibilities. As the person most directly responsible for and knowledgeable about managerial matters, it is often more appropriate and more practical for the deputy, rather than the minister, to respond. This requirement would not establish an accountability relationship between the deputy and the Committee. The deputy minister receives no authority from the Committee, nor can the Committee reward or penalize the deputy (beyond the comments in its report to the Legislature). Thus, the deputy's accountability, for managerial and other matters, continues to be to the minister, from whom most of a deputy's authority is derived, and to Management Board for managerial authority delegated in the manner described earlier.

The Management Board Secretariat should continue to liaise closely with the Public Accounts Committee. The Secretary of Management Board should be prepared to appear before the Committee, to answer questions and provide

information about government-wide management policies and practices. The Secretariat should take into account the Committee's views and report in its own consideration of the need for management improvement. It is not appropriate, however, for the Secretary to testify before the Committee concerning the Board's assessment of the internal capabilities of ministries or problems within them; testimony on such matters should be secured directly from the deputy minister of the ministry concerned.

MINISTRY ANNUAL MANAGEMENT REVIEW

As a means of strengthening accountability for results, Management Board introduced the Deputy Minister's Annual Management Report in 1983. Individual deputy ministers are invited to appear before the Board and to report for one hundred minutes on the ministry's results achieved and current pressures; response to major issues; and progress on implementing central agency initiatives such as the Management Standards Project.

To make the meetings as informative and productive as possible, they are preceded by documentation explaining ministry results, positions and plans. Managers from the ministry and Management Board Secretariat talk beforehand to resolve minor problems and identify issues that warrant discussion during the meeting.

There is also provision for follow-up sessions, if necessary, between ministry officials and the Secretariat to resolve outstanding issues or to respond further to questions from the Board.

During the 1983/84 year, all but six ministries reported before the Board. The process was generally well regarded in principle by deputy ministers and by the Board as a sound basis of accountability reporting. It is, however, time-consuming for the members of the Board.

The annual review is a valuable initiative in strengthening the government's accountability structure. It should continue to be an important element of that structure, but should be conducted in modified form to provide a fuller accounting for managerial matters.

The meeting between the deputy minister and Management Board should be preceded by a more intensive one among the directly interested parties. The participants in this meeting should include the minister and the deputy

minister, the Chairman and the Secretary of Management Board and the Chairman of the Civil Service Commission. The minister's participation is appropriate and desirable, because he or she is publicly accountable to Cabinet and the Legislature for all aspects of ministry operations and results.

The time allocated for this meeting would not be fixed, but would vary according to need, ministry size and program complexity. Ministries with good program results, strong operational systems and sound administrative controls could take less time than other ministries.

The focus of the meeting would be upon managerial performance: the achievement of planned results; current issues and pressures; and strategies, priorities and plans for the future. The meeting would cover

- identification of key result areas;
- program management -- implementation, expenditures and results;
- human resources management;
- productivity improvement;
- general administrative management;
- information systems management; and
- internal auditing.

The deputy minister's presentation should start with performance in the previous year, including discussion of successes and failures in achieving program and managerial objectives determined in the previous review of the Estimates or the previous annual management review. Then, by addressing present issues, strategies and planned results, it should provide, together with the Estimates review, a base for assessing performance a year hence.

Primary responsibility for the agenda of the meeting should lie with the deputy minister, in consultation with Management Board Secretariat, keeping in mind that all the matters listed above would be fully explored. The ministry's own reports and plans would provide the main basis for discussion. An informal record of the meeting should be kept.

Subsequently, there should be a much briefer meeting of the minister, the deputy minister and Management Board of Cabinet. This meeting would deal with the highlights of the first one. Instead of a comprehensive review of

performance, issues and plans, this meeting should focus broadly on program achievements, major issues, key strategies and their managerial implications.

We therefore recommend that

2.3 The annual management review with each deputy minister be extended to cover all the subjects within the Board's responsibility and to include the minister and the deputy minister, the Chairman and the Secretary of Management Board and the Chairman of the Civil Service Commission. A summary meeting should then be held between the minister, the deputy minister and Management Board.

APPENDIX A TO PAPER 2

RESPONSIBLE GOVERNMENT AND RESPONSIBLE MANAGEMENT

Good management in the civil service is not merely management that is efficient, effective and oriented to the achievement of results. The good civil service manager is also a responsible manager. This dimension of public administration derives from a long-standing adherence to the principles of responsible Cabinet government. It is Canada's adoption of the Westminster model of Cabinet government that places a particular premium on the political neutrality of public servants and on their accountability.

In this Appendix we review the historical, legal and conventional basis for the system of management and accountability in Ontario. We also examine the challenges a modern civil service must meet in maintaining these values and assess how the Government of Ontario has adapted to changing conditions to ensure that managers continue to be accountable, responsive and politically neutral.

RESPONSIBLE CABINET GOVERNMENT AND ADMINISTRATION

The system of responsible Cabinet government was established after 1840 in the province of British North America to rationalize and legitimize the role of the Executive Council to the colonial Governor in each province. These were the crucial aspects of this adaptation of the Westminster model. First, members of the Governor's Executive Council became ministers responsible for the policy and administration of specific provincial government departments. Second, the collectivity of ministers, the Executive Council as a whole, became responsible for the overall direction of the government. Finally, this group of ministers was made up of members of the majority party in the Legislature, and was accountable for its performance to the Legislature, not to the Governor. Over time, the appointed representatives of the British government withdrew from involvement in the political life of the provinces and assumed a largely ceremonial role. Gradually, the status of this collectivity of ministers changed from that of an Executive Council to the Governor to the system of modern Cabinet government.

As a result of the adaptation of the Westminster model to the colonial provinces in British North America, the focus of political and

administrative power in our system of government became the Cabinet made up of ministers drawn from the Legislature. The survival of a specific Cabinet depends upon its ability to maintain the support of the majority of the representatives of the people in the Legislature -- a task that has changed significantly with the evolution of the party system. In this way, responsible Cabinet government is linked to representative parliamentary democracy and an unbroken chain of accountability is set in place for the exercise of political and administrative power, a chain that extends from the political executive, the Cabinet, through the elected Legislature to the electorate.

Ministerial responsibility is both collective and individual in character. On the one hand, by convention, Cabinet has a collective responsibility for all of the government's policies and performance except for those that are the sole prerogative of the Premier (e.g., appointments, reorganizations, recommending the dissolution of the Legislature). In a sense, this collective responsibility has been defined in terms of the government's obligation to resign if it loses the confidence of the Legislature and the individual minister's obligation to resign if he or she cannot accept a government policy. However, with the development of the modern party system -- and the government majorities it seeks to achieve -- the conventions surrounding collective responsibility now place on the government a "corporate" obligation to explain and defend its overall direction and management in the face of the questions and attacks of the Opposition.

Each minister also bears individual responsibilities set out in law for the policies and the management of his or her ministry. Again, individual ministerial responsibility has been defined historically in terms of an obligation to resign if major mismanagement occurs within a ministry. Just as the conventions surrounding collective responsibilities have evolved over time, individual ministerial responsibility now requires ministers to answer for the policy and management of their ministries in the Legislature and to correct errors in policy or management. Both collective and individual ministerial responsibility place a high premium on the concept of accountability.

An essential requirement in this system of responsible Cabinet government with both collective and individual ministerial responsibility is a politically neutral and accountable career civil service. The idea of a career civil service derives in significant part from the Westminster

model's emphasis on a politically neutral cadre of expert civil servants capable of serving any political master. The primary tenet of the convention of political neutrality is the separation between politics and administration, that is, between ministers and managers. If ministers are the only direct accountability link between the Executive and the Legislature, then it is essential that the power to make policy and initiate legislation, taxes and expenditures lie with the Cabinet and individual ministers, not with the civil service. Civil servants give advice and execute policy but they do not make policy. There is no room in the system for the exercise of an independent role by civil servants.

The convention of political neutrality demands further that the civil service manager be responsive to the directions of the minister in the development of plans and policy options and loyal to the minister in the implementation of agreed-upon policies. The civil servant provides objective policy advice, maintaining the focus of responsibility on the minister, and provides such advice in confidence. The principle of ministerial responsibility also demands that the minister do everything possible to assure the anonymity of civil servants as policy advisers. For their part in the anonymity equation, civil servants are to remain behind the scene, non-partisan and politically uninvolved. Further, to ensure that political neutrality is safeguarded, all appointments to the civil service and advancements within its ranks are based on the concept of merit.

As well as being politically neutral, civil service managers must be accountable. Indeed, the nature and form of this accountability are central to our terms of reference and the subject of much of this report. The unique congruence of representative and responsible institutions in our model of democratic government makes the accountability linkage between ministers and the Legislature extremely important. For administrative accountability up through a ministry hierarchy to be realized, responsibilities must be clearly defined and delegated and authority and resources must be in balance with responsibilities. There must also be systems in place through which both collective and individual accountability can be rendered and which provide the opportunity for questions to be asked, answers given, and positive or negative sanctions applied where managers are worthy of praise or blame.

The clear message is that we are not concerned about civil service political neutrality and accountability for their own sake. They are significant

because their existence is essential to the realization of a fundamental feature of our constitution — the domination of our system of government by a Cabinet responsible to the Legislature. To be constitutionally responsible, therefore, a civil service manager must be politically neutral and accountable.

CHALLENGES TO THE TRADITIONAL SYSTEM

The system of responsible Cabinet government designed for the mid-19th century has been placed under great pressure by changes in society and the broader political system. In the era of smaller and more intimate governments, the achievement of collective and individual ministerial responsibility did not require the imposition of elaborate central structures and mechanisms. Cabinets were small and easily managed without the assistance of large numbers of civil servants. Ontario's Cabinet had only five members in 1867. By 1900, the total number of provincial civil servants in Ontario was under 700. Under such circumstances, the collective leadership of Cabinet could be exercised in an informal, unstructured manner. There was, for instance, little need for a network of Cabinet committees, and Treasury Board was the only such committee until the late 1960s. The budget and Estimates were discussed and decided upon by the whole Cabinet.

Individual ministerial responsibility operated in a similarly uncomplicated fashion. Each minister was at the top of a small hierarchical pyramid of civil servants and could be intimately involved in the policy-making and administration of the ministry. There was little opportunity for the diffusion of responsibility for a policy or program among ministers or ministries. In these circumstances collective and individual ministerial accountability to the Legislature were more readily attainable through the traditional avenues of the throne and budget speeches and debates, the discussion of Estimates, the Question Period, the debate on individual bills, and the examination of the Public Accounts.

The relatively simple and straightforward system of government began a process of fundamental change in the period after World War One. The most significant and revolutionary change has been the rapid growth and diversification of Ontario society, with a shift from a rural agricultural base toward an urbanized industrial economy. These dramatic social changes have seen an accompanying growth in government. Today there are some 70,000

Ontario civil servants. The escalation in public demand for new services, the increasing reliance on regulation, and the expanded use of public ownership have necessitated significant changes in the delegation of authority and thus in the traditional approach to the accountability of civil servants. This trend has been accentuated by a management philosophy that emphasizes the decentralization of responsibility within the civil service. The potential for the diffusion of responsibility has been further increased by the inter-linkage of federal and provincial programs and the development of new client governments at the urban and regional levels. It has been heightened further by the fracturing and refinement of political interests and the increasing significance of aggressive and articulate pressure groups.

The Ontario system of parliamentary democracy has also had to withstand pressures to adopt pieces of the American system of government as answers to calls for reform. The American system is characterized by the separation of executive, legislative and judicial power, with checks and balances designed to ensure that political power is diffused effectively. In contrast to the fusion of executive and legislative power under our system, the Constitution of the United States provides the President with his own set of powers and responsibilities for which he is directly accountable, by election, to the American people. Congress, far from being an institution largely under executive control, is made up of two directly elected popular assemblies, each with the power to initiate policy and investigate, approve and block the activities of the executive branch. The Cabinet is only nominally a collective instrument, and Cabinet members are not elected but are political appointees of the President.

Congressional system initiatives such as the Program Planning and Budgeting System or Zero-Based Budgeting have been proffered as panaceas for our system. While these measures have ultimately found a more limited and realistic place in public administration, the very process of their promotion and trial tended to blur the real differences between the two systems and obscure the fundamental differences in accountability frameworks. Similarly, the call on the part of citizens' groups for more "open" government is derived in large part from observing the American system and is a direct response to their desire for greater participation in political and administrative decision-making and for more access to information. These groups challenge the role of civil servants in policy-making, often seek their separate accounting in the Legislature and

other forums, and frequently challenge the convention of civil service anonymity and confidentiality in the performance of their duties. And, while well intentioned, such pressures place great strains on the principle of ministerial responsibility and the other precepts that underlie our system. The parliamentary and congressional systems are inherently different, and each must seek its own reforms and foster effective evolution. While common answers may be found, their usefulness will not derive from their commonality but from their appropriateness for each distinct system.

THE ADAPTABILITY OF THE SYSTEM

The efforts of the Government of Ontario to adapt its system of responsible Cabinet government and maintain its fundamental integrity have been significant. Until 1972, the government made its expenditures on a pre-audit basis; the Provincial Auditor, upon verifying each request for payment, permitted the transaction to take place. Growth in the demand for government programs and services and, as a consequence, growth itself, rendered the centralized processes of administrative control unworkable. As in any organization facing rapid growth, government's managerial effectiveness was eventually threatened by the pre-audit controls, and Ontario moved to decentralize responsibility and authority and to shift the Provincial Auditor's role to one of post-audit. The evolution from a centralized to a decentralized system of government, as recommended by the Committee on Government Productivity (COGP), altered substantially the collective role in management and gave rise to a continuous process of giving new operational definition to collective and individual responsibility for management.

At the same time as fundamental changes in control structures were being made, the machinery of government was being scrutinized carefully to find ways to make the policy development and coordination processes work better. COGP represented an important milestone in reshaping and restructuring the system of government. The COGP reports recognized that Cabinet, as a single, largely unassisted, corporate body, could not provide the collective leadership required by a large government. Accepting this thesis, the government in the early 1970s established the Policy and Priorities Board of Cabinet, three policy field committees of Cabinet, and the Management Board of Cabinet. Support units were developed for the Premier, the Cabinet, the Policy and Priorities Board, and the new policy committees. Prior to this,

only Treasury Board had had a secretariat to support its deliberations. The Policy and Priorities Board was given responsibility for coordinating the annual resource allocation process and considering major new policy proposals.

The new Management Board of Cabinet resulted from a separation of the old Treasury Board from the Treasury, Economics and Intergovernmental Affairs department and the establishment of an independent central agency. The Management Board was to be the central response to a decentralized system of management. It was to be served by a secretariat and was also assigned responsibility for establishing personnel policies. The personnel management function for government was positioned within Management Board through the reporting relationship of the Chairman of the Civil Service Commission to the Chairman of Management Board.

The primary responsibility that Management Board inherited from Treasury Board relates to the Estimates process and the control of expenditures within legislated authorities. But the responsibilities of the new Board went well beyond the expenditure process to encompass the central interest in organization and staff establishments, administrative policy, and the general improvement in the quality of administration in government. In carrying out these responsibilities, the Board has sponsored a series of initiatives. After a five-year experiment with the Planning Programming Budgeting System, Ontario set its own course in 1974 with the Managing by Results program. Three separate program review exercises have been undertaken to induce savings in selected program areas. Management improvement was encouraged through the Management Standards Project, which helped to document and communicate the best management practices for ministries. The Management Board Secretariat's Operational Review unit gave the impetus to strengthen the internal audit units within ministries. In an innovative effort to gain a comprehensive view of the administrative performance of ministries, the Board instituted an annual process of individual reporting and discussions for each deputy minister. These annual sessions have focused on the broad directions of each ministry as well as on results in the areas of program delivery and administrative improvement.

In the management of senior personnel, a number of structural and process initiatives have been introduced since COGP. The Senior Appointments Advisory Committee (SAAC) was established to oversee the government-wide interest in human resource development and advise on candidates for senior

appointments. An Office of Senior Appointments and Compensation was created to assist the government in providing direction and leadership in selecting, developing and remunerating senior executives. Training programs were introduced to reinforce the development of the executive category. Steps were also taken to improve the information base for human resource planning through mandatory performance appraisals, central inventories of career information, and a planning process that encompassed the ministries and central agencies.

The employee relations function, which arose in the 1960s from collective bargaining legislation for civil servants, was moved from Treasury Board to the Civil Service Commission, where it is coordinated on behalf of the government by a Staff Relations Division.

These changes in the administrative framework within government have been accompanied by changes in the nature of the accounting for financial administration to the Legislature. In 1968, the chairmanship of the Public Accounts Committee was assumed by a member of the Opposition, thus signalling the government's support for more objective scrutiny of its financial performance by the Legislature. As well, the government continued the practice of requiring civil servants to be answerable before the Committee for matters of administration. As part of efforts to strengthen the ability of the Legislature to maintain effective surveillance of financial administration, the duties of the Provincial Auditor were revised in 1977. As a result, they now encompass a comprehensive set of responsibilities based on full disclosure and ranging from probity, prudence, economy and efficiency through to verifying that procedures are in place to report on effectiveness.

Ontario's system of responsible government has proven to be continually adaptable to changes in society and to each new set of challenges. However, the process of adaptation brings about a new disequilibrium that in itself creates strains and raises questions about the future relevance and effectiveness of responsible government and ministerial responsibility. We can say only that the system has consistently shown its capacity to adapt and respond and that the issues that arise relate not to the system itself but to its response to the process of evolution. As a result, any review of management and accountability cannot promise more than the Report of the Committee on the Organization of Government in Ontario in 1959 did in identifying realistic expectations for its work:

Throughout its history parliamentary government has shown remarkable adaptability and capacity for evolution. Nevertheless, as the functions of government are widened and made more complex, problems reappear in new forms. We need not expect that final solutions are likely to be found. In this report, we cannot hope to do more than to suggest such modified arrangements as conform to the facts of the present and to such trends as are now discernible.

APPENDIX B TO PAPER 2

THE EXISTING CENTRAL STRUCTURE

The Cabinet is the policy and executive decision-making organ of the government. In carrying out its role, Cabinet is supported by numerous committees and central agencies. These include the Cabinet Office, the Office of the Premier, committees of the three policy fields (Justice, Social Development and Resources Development), the Policy and Priorities Board, several special committees, the Ministry of Treasury and Economics, the Management Board of Cabinet, and the Civil Service Commission. The roles and responsibilities of each central agency are established in governing legislation, and described comprehensively in internal publications such as "The Cabinet and Central Agencies: Roles and Responsibilities", published in 1983.

Most of the Cabinet committees and supporting units are concerned with general government policy and the political responsibilities of Cabinet, or with recommending policy in selected areas (such as the three policy fields). By contrast, the organs involved with government-wide administration of programs and operations -- and therefore of primary import to this study — are the Management Board of Cabinet, its Secretariat, the Civil Service Commission and, in certain respects, the Ministry of Treasury and Economics.

As the agent of Cabinet, Management Board performs the government-wide internal management function. Its job is to ensure that programs and operations are managed well and are conducted with integrity and efficiency. Although the Board performs this role on behalf of Cabinet and the Premier, each deputy minister remains accountable to his or her minister, who in turn is accountable to the Legislature for all dimensions of the ministry's performance.

The Act to Establish the Management Board of Cabinet sets forth its duties. In essence, these are to

- coordinate the implementation of programs;

- direct the preparation and review of forecasts, estimates and analyses of revenues, expenditures and other program data, and to assess the results thereof;

- control expenditures;

- approve organization and staff establishments;

- prescribe or regulate administrative policies and procedures as necessary for efficient and effective operation;

- initiate and develop management practices and systems for efficient operation; and

- report on other matters of general administrative policy.

The Board is empowered to

- require the production of documents from any public officer or agent;

- issue administrative directives;

- conduct studies and examinations of the operation and administration of the public service;

- authorize the payment of expenditures under special warrants or Board orders; and

- make regulations respecting several areas, including in particular for the efficient administration of the civil service.

Management Board is served by two central agencies, the Management Board Secretariat and the Civil Service Commission.

Management Board Secretariat is headed by the Secretary of Management Board, with the rank of deputy minister. The Secretariat helps the Board by performing analyses, developing policies and handling financial and administrative activities on behalf of the Board. It

- coordinates the preparation of the Estimates and other information on proposed expenditures;

- monitors expenditures, personnel complements and program results;

- examines the financial, personnel and administrative implications of policy and program proposals, legislation and regulations;

- reviews ministry submissions to the Board;

- develops general administrative policies;

- advises the Board on organizational matters;

- promotes organizational effectiveness;

- encourages improved management practices in the ministries; and

- advises the Board on policies for information systems and computer and telecommunications technology.

The Secretariat carries out its work through a considerable variety of activities, processes, systems, mechanisms and special studies. The more significant of these are

- participation, with the Ministry of Treasury and Economics and the Cabinet Office, in the annual resource allocation process;

- the annual Estimates;

- requests for special expenditures during the year;

- monitoring of expenditures during the year, and preparation of a quarterly general management report for Cabinet;

- monitoring of personnel complements of the ministries;

- ministry submissions to the Board for approval under established administrative and financial policies, and requests for exceptions to these policies;

- ministry submissions for approval of organizational changes;

- the Managing by Results program to relate the achievement of results to the use of resources;

- Volume 1 of the Manual of Administration, covering government-wide general administrative and financial policies and procedures;

- the publication series on Principles and Standards of Management, setting out the government's management philosophy and standards for management practices;

- "Managing Together", a periodical to disseminate management issues of general interest;

- monitoring internal auditing matters and liaising with the Public Accounts Committee;

- Deputy Minister's Annual Reports to the Board, on ministry issues and performance;

- systems development, information processing and telecommunications plans and controls; and

- task forces or special projects in such areas as government program review, auditing of transfer payments and planning for information technology.

The other central agency serving the Management Board, the Civil Service Commission, derives its authority from the Public Service Act. The Chairman of Management Board is the minister to whom the Commission is accountable for administration of the Act. The Commission is responsible for developing government-wide personnel policies and practices, such as recruitment, training, staff development, performance appraisal, human resource planning, compensation and benefits. The Commission ensures the application of the

merit principle and other concepts of public service and oversees personnel administration in the ministries. Staff of the Commission are responsible for collective bargaining on behalf of Management Board and for advising the ministries on the management of their personnel functions.

The Management Board Secretariat works closely with the staff of the Commission in matters concerning organizational structure, position classification, and personnel policies.

The Public Service Act enables the Commission to delegate to a deputy minister any of its powers or activities in personnel recruitment and position classification. Much of the personnel function has been delegated to ministries.

The Ministry of Treasury and Economics oversees the government's finances. Its functions therefore include developing the provincial budget; managing the Consolidated Revenue Fund, debt, cash and investments; advising on fiscal and economic policy; proposing policy for taxes and other revenue; establishing accounting and financial control policies; and preparing the Public Accounts. The Ministry cooperates with the Management Board Secretariat in the annual resource allocation process and in the control, monitoring and reporting of expenditures.

The Ministry of Government Services, as a central service organization, administers or performs many government-wide services covered by the government's administrative policies. These are in such areas as property acquisition and sale, accommodation, purchasing and related services, computer services, telecommunications, stationery, printing, mail and other information services, and employee counselling, health, benefits and data services.

Management Board, its Secretariat and the Civil Service Commission interact with all the other central units and with every ministry (as well as with crown agencies, which are beyond the scope of this study). The principal links are with the individual ministries and, as described earlier, with the Ministry of Treasury and Economics. Other important relationships are with

- Cabinet, which receives Board minutes;

- the Policy and Priorities Board, of which the Chairman of Management Board is a member;

- the three policy field committees and their secretariats, on the financial and administrative effects of program policy;

- the Office of the Premier, and the Deputy Minister to the Premier, on matters of senior personnel management and other matters of significance concerning policy and management;

- the Ministry of Government Services on administrative policies for its broad range of central services to government;

- the Provincial Auditor; and

- the Public Accounts Committee of the Legislature.

3. DEPUTY MINISTERS: RESPONSIBILITY AND ACCOUNTABILITY

In the preceding background paper we reviewed the accountability framework within the Government of Ontario and made recommendations on the role of Management Board and its place within the accountability framework. Those proposals set in place one dimension of the accountability of deputy ministers by delineating their government-wide management responsibilities. This paper takes a closer look at the complex set of responsibilities and relationships that underlie the effective performance of deputies. We examine the basis of their responsibility and authority in law and convention and make recommendations for linking the performance of a deputy minister with the expectations that are part of the appointment.

The deputy minister holds a unique and important position within government. Positioned between the political organization of government and the bureaucracy, deputy ministers are at the apex of the civil service. Like ministers, they are appointed under the authority of the Lieutenant Governor in Council by the Premier and are assigned by the Premier to ministries for a term of three years. While appointed by the head of government, the deputy has a primary responsibility to serve the minister and carry out the legislative responsibilities and policies of the portfolio. In this capacity, the deputy is expected to be a highly competent policy adviser, an effective crisis manager and a sound overall executive. Moreover, the responsibilities of a deputy minister must be carried out in an intense and demanding environment -- an environment that subjects incumbents to a high degree of public scrutiny, demands immediate and informed responsiveness, and puts personal leadership to the fullest test.

In the appendix to this paper we provide a profile of the age and experience of the present deputy minister cadre.

RESPONSIBILITIES AND AUTHORITY OF DEPUTY MINISTERS

The responsibilities of deputy ministers encompass four main areas.

- Providing policy advice to ministers. The Cabinet and the minister establish policy objectives and make policy decisions; the deputy minister assists the minister in the performance of

this responsibility. Deputies do not make policy decisions, but they do ensure that the necessary staff work and consultation are carried out within the ministry and across government, so that the best possible and most complete advice is tendered to the minister on policy and program matters. Moreover, once deputies have offered their advice and policy decisions are made, they must implement them loyally, dutifully and expeditiously.

There is no single document or reference that sets out government priorities or direction at any point in time. Throne speeches, budgets and Cabinet decisions are part of a deputy's continuing efforts to keep informed and to ensure that whatever advice is tendered reflects fully the complex and often competing interests that bear on any issue. Deputies show considerable ability to stay informed and ensure that government and ministerial considerations are integral parts of the policy development process.

- Supporting ministers in answering for their responsibilities. Without detracting from the responsibility of the minister, a deputy carries out a number of activities to help explain and communicate factual matters relating to the portfolio. Such activities might include preparing material on the ministry's activities for communication to the public, providing documentation to respond to inquiries within the Legislature and from the public, and making available briefings on the results of the ministry's programs and activities. They might also include explaining policies of the ministry and answering related factual and technical questions. The reality is that the size and diversity of any portfolio creates demands that cannot be satisfied by the minister alone; that responsibility must be complemented by the deputy, who answers factual questions and explains the policies and decisions of the ministry from that perspective.

- Responding to and carrying out government-wide interests with respect to the portfolio. While deputies have a primary responsibility to serve their ministers, they must also serve government-wide responsibilities. These responsibilities

devolve in part from the fact that the deputy is appointed by the Premier; a set of government expectations is part of that appointment. As well, the government interest is reflected in central agency policies and guidelines that deputies must respect in managing their ministries. Each ministry receives resources to deliver on a set of results and the deputy is responsible to the minister for ensuring that their delivery meets the expectations and requirements. The deputy must also contribute to the development of people who will be the next leaders in the civil service. Finally, the deputy must ensure that crises are resolved and appropriate action taken so that the minister and the government can maintain the confidence of the Legislature.

- Managing the ministry. In law and in practice, the deputy minister has been delegated by the minister the responsibility for managing the ministry. In practice, deputies indicate consistently that they are indeed the managers and have the authority and flexibility to manage the resources of the ministry. This view is reinforced throughout the organization; individuals look to deputies as the chief operating officers and respect their managerial authority. A deputy's managerial responsibilities cover the human, financial and other assets of the ministry, which must be managed in such a way that the necessary level of client service is achieved and, at the same time, advances in efficiency and effectiveness are made. These responsibilities go well beyond day-to-day demands facing the ministry to encompass the longer-term strength and vitality of the ministry and its capacity to deliver programs and services.

Legal Framework

While the legislation establishing Ontario ministries is by no means standardized, the acts do state explicitly that the ministers shall have charge of ministries:

> The Minister shall preside over and have charge of the Ministry ... The Minister is responsible for the administration of the Act and any other Acts that are assigned to him by the provisions thereof or by the Lieutenant Governor in Council ....

However, there are significant differences in the legislation with regard to the requirement for deputy ministers. In some acts, the requirement for a deputy minister is referred to with the permissive word "may". In others, the word "shall" is used, implying obligation, while still other acts are silent on the requirement.

The delegation of administrative authority to the deputy minister takes place in several ways. Recent ministry acts authorize the minister to delegate to the deputy minister:

> The Minister may in writing authorize the Deputy Minister or any other officer or employee in the Ministry to exercise any power or perform any duty that is granted to or vested in the Minister under this or any other Act.
>
> Under the direction of the Treasurer, the Deputy Treasurer shall perform such duties as the Treasurer may assign or delegate to him.

In a number of cases, however, the legislation establishing a ministry is unclear or even silent on the role and duties of the deputy and how the authority of the minister is to be delegated to the deputy. This significant gap is filled in part by section 4 of the Public Service Act, which authorizes the deputy minister to carry out the managerial responsibilities of the minister:

> Subject to the direction of his minister, a deputy minister is responsible for the operation of his ministry and shall perform such other functions as are assigned to him by his minister or by the Lieutenant Governor in Council.

As well, sections 27(m) and (o) of Ontario's Interpretation Act imply the delegation of authority to a deputy:

> (m) words directing or empowering a public officer or functionary to do an act or thing, or otherwise applying to him by his name of office, include his successors in office and his lawful deputy;
>
> (o) words authorizing the appointment of a public officer or functionary or the appointment of a person to administer an Act include the power of appointing a deputy to perform and have all the powers and authority of such public officer or functionary or person to be exercised in such manner and upon such occasions as are specified in the instrument appointing him or such limited powers and authority as the instrument prescribes.

Thus, both directly in some laws, and through the intent established in the Public Service Act and the Interpretation Act, the responsibility for management is delegated or assigned to deputy ministers. As ministry legislation is amended over time we would encourage the continuation of the current practice of clarifying the role and responsibilities of the deputy minister for management within each ministry Act.

The Public Service Act both assigns specific legal responsibilities to deputy ministers and provides for the direct delegation of others. The responsibilities for which the deputy minister has legislated authority include the power to suspend civil servants from employment, remove for cause from employment, dismiss from employment and release from employment. The Act also provides for the delegation of certain powers and functions from the Civil Service Commission to the deputy minister. This delegation of authority to deputies by the Commission has been extended to include all job classification levels in ministries except for employees covered by the Executive Compensation Plan:

> The Commission may authorize a deputy minister to exercise and perform any of the powers or functions of the Commission in relation to the recruitment of qualified persons for the civil service and to the evaluation and classification of positions in the classified service that are designated by the Commission.

The Management Board of Cabinet Act sets out central authority and control over the expenditure management process, the approval authority for organization and staff establishments, and responsibility for the establishment and regulation of administrative policies and procedures and the development of improved management practices. The Act thus provides the administrative policy and regulatory framework within which deputy ministers manage their ministries.

Beyond the Legal Framework

The authorities set forth in legislation provide both an interpretation and a basis for the role, responsibilities and authority of deputy ministers. Because the laws define responsibility and delegate authority, they also provide the legal underpinning for the accountability framework. Nevertheless, they define only the management dimension of the deputy's role, a job that is in fact far broader than the legal definitions would suggest.

By convention and necessity, the deputy's role goes beyond management to encompass advisory and service responsibilities. An accurate picture of the deputy's job emerges only when these additional responsibilities are taken into account. Responsibilities such as providing sound policy advice, resolving critical day-to-day issues, supporting the minister, and understanding and dealing with the ministry's clients create demands to which a deputy must respond first. Gaining the minister's confidence and establishing the necessary trust by performing these responsibilities well are prerequisites that create the conditions under which a deputy can carry out management functions satisfactorily.

These demands do not diminish the importance of the deputy's management role, but they nonetheless present a continuing challenge to its effective performance. They also mean that managerial competence takes second place in the list of skills required for entry to the deputy minister ranks. Thus, the demands of the job and the natural skills and interests of those who become deputies can combine to make management that set of activities that gets done after everything else. Responsibilities such as managing the executive team, building the ministry's management capability, and developing people to take on senior positions do not get the same priority and attention that non-managerial responsibilities command.

PERFORMANCE OF DEPUTY MINISTERS

If the role and responsibilities of deputy ministers are subtle and complex, the issues surrounding the performance of deputies are equally challenging. As we have seen, the job involves extensive interaction with the minister, other deputies, the Cabinet Office and central agencies, as well as the ministry's client groups. Signals about how well a deputy is doing abound, and reading them is an essential skill for successful deputies. A number of deputies believe there is more than sufficient feedback; the fact that they retain their positions is ample evidence that they are doing a good job. An even greater number feel, however, that a more formal discussion about their performance would be useful. Some remember the performance discussions conducted three years ago by the Deputy Minister to the Premier and the Premier as part of the process for awarding merit pay and reflect positively upon it. However, the process was discontinued when pay freezes eliminated merit pay for deputies, thereby removing what could have become a key reference point in the performance review process.

The informal processes that currently provide deputies with an idea of how their direction and performance are perceived are an essential part of the effective functioning of the government, and we are not suggesting that they be replaced. However, they should be accompanied by a broader and less structured review than the previous experience three years ago. What we propose is a formal supplement to the current informal approach — a supplement that would link with the Premier's appointment responsibility through an annual discussion between the Deputy Minister to the Premier and the deputy as to where the deputy stands and is headed. Such a discussion should not be regarded as a performance evaluation. Rather, it would be devoted to all pertinent matters relating to the appointment and performance of the deputy. The annual discussion would attempt to go beyond the informal approach and the day-to-day pressures of getting the job done, focusing instead on longer-term concerns affecting both the deputy and the portfolio. Such longer-term concerns might include

- a discussion of relevant government objectives and their priority with respect to the deputy's ministry;
- issues of government interest and their importance to the deputy;
- a review of the deputy's accomplishments and forthcoming challenges; and
- priority matters that the deputy wants to raise.

In this way, all dimensions of the deputy's accountability can be linked back to the appointment -- that critical point where the responsibilities and expectations for the deputy minister are set out.

Preparing for the Annual Review

The process of collecting the relevant information on behalf of the Premier should be coordinated by the Deputy Minister to the Premier, who is the senior civil service adviser to the Premier on appointments. While frequent contact with deputies gives the Deputy Minister to the Premier sound and independent insights, we believe the annual discussion should also take into account the views of other people who are part of the accountability framework.

The minister bears responsibility for the administration of the ministry. The deputy minister is delegated this role through various legislative instruments by the minister, but in practice carries it out with full regard to accountability to the minister and frequently in close consultation with the minister. All deputies indicated that they review key organizational and staffing decisions with the minister. Deputies also reported that ministers have a good understanding of the ministry's management processes and the estimates. Ministers also make the decisions on ministry and program policy.

The Secretary to Management Board is well placed to advise on the deputy's contribution and performance with respect to corporate management responsibilities. On the basis of his involvement in the Estimates and program expenditure processes, Managing by Results, administrative policy, audit plans, and the ministry annual management review process, the Secretary can offer well considered advice to the Deputy Minister to the Premier. Our view is borne out by deputies who believe that Management Board has a good understanding of their objectives, programs and resource requirements and that the Secretary has a good understanding of their policy and administrative performance.

The Chairman of the Civil Service Commission has responsibility for personnel management, a large part of which is delegated in turn to deputies. The Chairman would bring to the annual review process full knowledge of a deputy's use of delegated authority, as well as the role and performance of the deputy in carrying out government-wide responsibilities with respect to senior personnel. While the role of the Chairman with respect to the performance of deputies is not so well recognized as that of the Secretary to Management Board, the advice of the Chairman will help ensure that the collective interest in human resources management is an important consideration in the annual discussion.

Assembling the relevant information with respect to each deputy minister should be kept simple and relatively informal; it should focus on people's thoughts and judgments rather than upon major written submissions from them.

We recommend that

3.1 The Deputy Minister to the Premier carry out annually an accountability review and discussion with each deputy minister on strategic matters relating to the government-wide interest and the ministry, as well as the deputy minister's accomplishments and challenges.

The annual discussion might include the following steps:

- Deputy Minister to the Premier meets first with the minister to gain the minister's views about the key responsibilities, unique contributions, and priority considerations that relate to the deputy. The minister would not be asked to prepare anything in writing, but the Deputy Minister to the Premier would note the key points made.

- Deputy Minister to the Premier canvasses the views of the Secretary of the Management Board and the Chairman of the Civil Service Commission. Each would be met separately. Again, no written submissions would be required, but the Deputy Minister to the Premier would note the major items covered. We do not propose any form of peer review, where central agency deputies along with some line deputies meet to reach agreement on a colleague's performance. The sense of equality among deputies in Ontario is so well entrenched that peer review would be unacceptable. Only the Deputy Minister to the Premier is accepted as the first among equals when it comes to matters relating to the appointment and performance of deputies.

- Deputy Minister to the Premier meets with the Premier to offer advice. Each portfolio would be reviewed in terms of future objectives and priorities, and deputies would be discussed in terms of how they have fulfilled the expectations of the appointment, the important aspects of performance, and any individual considerations that should be reviewed. If performance concerns are identified, they should be discussed at this session and the appropriate advice agreed upon. The focus should be on making the deputies aware of matters that could affect their ability to carry out their responsibilities

satisfactorily. In short, the purpose is to identify and diminish any threats to sound performance, as well as to give full recognition to a job well done.

- Deputy Minister to the Premier conducts an annual discussion with each deputy minister on accomplishments, challenges, government objectives, and government priorities, as well as matters raised by the deputy.

At the time of first appointment and at the conclusion of a deputy's three-year term, the Premier should meet with the deputy, review accomplishments over the period of the appointment, and establish the expectations for the next three-year appointment. We have considered and rejected other ways of involving the Premier in the annual discussion process, such as meetings with deputies or sending letters after the discussions. We propose active involvement in preparation for the annual discussion, as well as personal discussions at the time of first and subsequent appointments, as appropriate and meaningful ways to involve the Premier in this important responsibility. We believe that these are occasions when, in conjunction with the government's performance expectations, the conduct of deputies and the essential values that bear on their ministerial and government-wide responsibilities can be stressed. We realize that this may appear to be too strong an emphasis on conduct and values, but we have seen many instances where the Premier's words have established the values for the system. We think that appropriate reference to administrative values at the time of appointment would serve to reinforce and enhance the kind of role that deputies are expected to carry out.

We therefore recommend that

3.2 **The Premier meet with each deputy minister at the time of the first appointment to the rank of deputy minister and prior to the renewal of each three-year term to set out the expectations for conduct, responsibilities and performance related to the new or renewed appointment.**

Meeting the Concerns

We recognize that the approach we propose could be challenged on at least four fronts. Some will claim that an annual discussion with deputies is not

necessary — deputies know where they stand. Others may argue that the approach described gives too much attention to management issues when it is serving the minister, giving sound policy advice, and handling crises that really count. As well, it can be argued that the approach may fail because it places unreasonable demands on the Deputy Minister to the Premier. Finally, the proposal will be challenged on the grounds that pay restraint has eliminated the merit incentive and thus the traditional underpinning of performance review.

These are important concerns and relate in part to the current bias within the system to getting things done and to dealing in the short term. The proposed performance review process does run counter to the culture of the Ontario government system in the sense that it addresses the longer term. But that in itself is no reason not to make annual discussions an integral part of managing the deputy minister cadre.

When the system was smaller and less complex, and when deputies remained in the same ministries for long periods, the idea of an annual discussion might justifiably have been rejected. But this is far from being the case today. A deputy's tenure in a given ministry is frequently short, and many deputies have never served before in the ministries they head.

The degree of contact between deputies and those at the centre of government varies considerably; some, by virtue of their portfolios, maintain little connection at all. By the same token, some senior deputies in the system are likely to have more extensive and better established relationships. Nevertheless, we believe that the discussion of government interests and priorities, as well as the deputy's own priorities and concerns, cannot be left to chance. If newer deputies do not interact effectively with the centre, an essential basis for communication and professional development would be lost. Moreover, the process holds significant promise as a means of motivating and reinforcing the concept of a government-wide team.

We also believe that the process of preparing for the annual review could help to dampen potential problems between ministers and their deputies. The approach we propose provides new opportunities to deal with difficulties at an early stage. The approach also places the onus on ministers to deal with performance problems through established channels.

Certainly, the proposed approach could lead to greater emphasis being placed on management skills and accomplishments. Indeed, we feel that this is a desirable and valuable objective. Throughout our internal sessions on the working environment we were told that management had to take second place to the more visible and pressing day-to-day concerns of government. At the same time, continuing pressures to contain government expenditures and reduce the size of the civil service have placed a new premium on effective management in the government. We also found that the links between the collective responsibility and interest in management and the appointments process were insufficiently developed. Without such links, it is difficult indeed to communicate a guiding message about the importance of management and to get the central agencies working toward common objectives.

Concerns about the potential overload of the Deputy Minister to the Premier are valid and could by themselves diminish the prospects for annual reviews. The Deputy Minister to the Premier already faces considerable demands; without a rearrangement of duties it might well be impossible to handle all the activities we have described. One option would be to create a position of Associate Deputy Minister to the Premier to free some of the time of the Deputy Minister to the Premier for carrying out the senior personnel management responsibility. Our discussions with deputy ministers have persuaded us that responsibility for the annual discussions cannot be delegated to someone else in the Premier's Office. At the same time, it is essential that the performance of deputies be given appropriate attention and that the relevant issues be dealt with as early as practicable. Thus we opt for a rearrangement of duties in the Premier's Office, if necessary, to give the Deputy Minister to the Premier adequate time to handle the annual discussions with deputies.

We understand the limitations that the absence of merit pay places on the appraisal and recognition of performance. But, we question whether merit pay can ever be significant enough at the deputy level to make pay differentiation on the basis of performance meaningful. From what we have seen, the psychic rewards of being a deputy and recognition for a job well done are more important than monetary compensation. We therefore feel that the annual discussions with deputies will have to be just that -- an important discussion aimed at ensuring the highest level of performance. It should not be connected with the promise of merit pay.

The merit pay question also raises the broader issue of the compensation of deputy ministers. While specific proposals in this area are outside our mandate, we would be remiss if we did not bring to the attention of government the problems that exist. In our view, compensation for deputy ministers* has not kept pace with that for other comparable jobs in the province and falls significantly short in any comparison with the private sector. When the compensation of deputy ministers is compared to that of hospital administrators, city administrators, university presidents or crown corporation heads, it comes out second best. We cannot accept an argument that the pay for those external positions has risen too quickly. The pay reflects what it takes to attract the level of talent and skills that the jobs require. The market test does not bear to the same degree on the deputy cadre, which relies mainly on internal promotion. Thus, when comparisons are made, it is readily apparent that Ontario's more senior civil servants are no longer afforded adequate recognition in their compensation structure.

We raise the compensation issue not simply because it fails the test of fairness in today's environment, but also because it points to serious potential problems for the future. The challenge of attracting outstanding performers to the senior ranks of the Ontario government will grow more difficult. The private sector will be virtually closed as a potential source of candidates because of the pay differences. The same may apply to other public organizations unless special arrangements can be made. There will also be more pressure from outside organizations attempting to attract the best performers away from the government by buying their talent and experience. Finally, within the government itself, the signals of slow growth and compressed rewards may discourage the career commitment that a healthy and dynamic civil service needs. While we raise this issue in the context of present inadequacies, we believe that it will also pose a barrier to the effectiveness of Ontario's civil service in the longer term. Adjustments need to be made and these should be considered soon.

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* While our comments here relate to the deputy category, our review of recent survey data indicates that the ECP5 and, to a lesser degree, the ECP4 and ECP3 levels compare unfavourably to salaries paid in other public sector organizations in Ontario.

APPENDIX TO PAPER 3

THE DEPUTY MINISTER CADRE

The deputy minister cadre is a relatively young and relatively new team that is drawn almost entirely from within the civil service and, to a significant degree, from a few feeder ministries. It includes twenty-eight individuals who have direct responsibilities in serving ministers, including the Premier. This does not include other advisers, agency heads or the Provincial Auditor, who may hold positions at the same level but do not perform the role of deputy minister. The focus of this study is on the ministerial machinery of government; thus our description of the deputy minister cadre relates to these twenty-eight individuals.

The years of civil service by deputy ministers reflect the reality of a career civil service. In fact, only two current deputies entered these ranks directly from outside government.

Years in the Ontario civil service as of April 1984*	Number of deputies
Fewer than 5	3
5 to 9	2
10 to 14	5
15 to 19	8
20 to 24	6
25 or more	4

In what was once a system where individuals reached the rank of deputy in their late fifties or early sixties, there has been a trend toward younger appointments. Today, seventy per cent of deputies are between the ages of 45 and 55.

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* All data on the deputy cadre were prepared in April 1984. While some new appointments have been made since, the profile of deputies remains much the same.

Age	Number of deputies
40 to 44	4
45 to 49	8
50 to 54	12
55 to 59	3
60 to 64	1

Just as the age profile describes a relatively young group of individuals, their tenure as deputies indicates a large number of recent appointments. In fact, as of April 1984, sixteen of twenty-eight deputies had been deputies for three years or less, while ten had been deputies for five years or more. For fourteen of the deputies, this is their first deputy minister post, while eight are on the second posting and six are on their third. Finally, one-half of the deputies are new to their current positions.

Year of appointment to current post	Number of deputies
1984	14
1983	3
1982	3
1981	2
1977 to 1980	2
1974 to 1976	4

In general, deputies no longer spend their careers in the ministries they head. Twenty-five of the deputy ministers have been in two or more different ministries, including their present appointments, and only eight have had previous experience in their present ministries. While nearly all ministries can attest to graduating people to the ranks of deputy ministers, six ministries in particular have dominated the feeder system.

Ministries in which individual served prior to appointment	Number of deputies*
Treasury and Economics/TEIGA/Economics and Development	8
Education/University Affairs/Colleges and Universities	7
Industry and Trade/Industry and Tourism	5
Transportation and Communications/Highways	4
Attorney General	3
Natural Resources/Lands and Forests	3

The deputy minister ranks have undergone considerable change in the last two years. In most portfolios this has produced new teams of ministers and deputies and, as a result, new relationships, new expectations and shifts in priorities. As well, new relationships with the Cabinet Office, Management Board and the other central players have had to be forged. It has been a period of dynamic change, accompanied by understandable uncertainties on the part of deputies as to what the scope and emphasis of responsibility in each portfolio should be and what counts for a job well done.

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* Some deputies served in more than one ministry prior to appointment.

4. THE MANUAL OF ADMINISTRATION

At the core of administration in the Ontario civil service lies the Manual of Administration. It defines the basic rules, policies and procedures government managers are to follow. We propose improved policies and practices to maximize the effectiveness of administrative controls and practices across the government. The principal goals of our proposals are to support the recommended accountability structure and to reduce the procedural burden of current practices.

STRENGTHENING THE MANUAL OF ADMINISTRATION

The Ontario Manual of Administration was introduced in July 1964. In its present form, the Manual has three volumes:

- Volume 1 contains thirteen sections and includes policies on the purchase and management of goods and services, management of real property, information systems technology, employee expenditures, and controls for agencies, boards and commissions;

- Volume 2 contains fifteen sections and deals with the management of human resources, including conditions of employment, staffing, pay, benefits, position administration, appointments, termination, affirmative action, staff relations and staff development; and

- Volume 2 Supplement contains twenty sections on the details of employee benefits administration.

Although there are some differences in structure among these volumes, most of the directives comprise

- a statement of purpose;
- instruction on who the directive applies to;
- definitions of terms;
- statements of policy;
- detailed procedures;
- controls; and, in some cases,
- non-mandatory guidelines.

The Manual is supplemented by manuals prepared by individual ministries. Those manuals cover subjects specific to a ministry's programs or elaborate on the central policies. They also spell out financial and approval authorities delegated to individual positions within the ministry by the deputy minister.

In addition to the Ontario Manual of Administration, government-wide financial policies and procedures are contained in the Manual of the Office of the Treasury. This manual contains eighteen sections and is intended mainly for the civil service financial officers and staff. It includes sections on the legislative, administrative, and policy framework of Ontario's finances, and detailed accounting policies and instructions for use by Treasury and by ministries and agencies.

Effectiveness of the Manual

Government managers generally accept the need for a clear set of rules governing their actions as managers. Supplying these rules is the primary role of the Manual of Administration. The present Manual has many strengths: it is comprehensive, reasonably clear and sets forth its requirements in pragmatic terms. However, it tends to restrict initiative and to inhibit individual accountability for results, by unduly hindering freedom to act and by dealing with issues in too much depth.

There have been difficulties in keeping the Manual up to date, and the process to revise policies and develop new ones requires streamlining. Because of the amount of detail, senior government managers typically do not refer to the Manual; instead they leave the analysis of administrative policy issues to subordinates. As a result, senior managers' knowledge of administrative practices is often incomplete, and the potential of the Manual to contribute to effective management practice is lessened. This is unfortunate, because rules are particularly important in government. Management action must meet high internal standards of ethics and probity and the possibility of searching external scrutiny. The challenge, therefore, is to maintain a set of rules as a source of administrative direction, while making them easier and more palatable to use. Certain substantive changes are needed to improve the Manual, but there is also a need to alter the style in which it is written so that it is more in concert with the times and the changing administrative realities that managers currently face.

Improving the Manual

Achieving a set of rules that contributes most effectively to management practice will require a number of separate but interrelated steps. It will be necessary to clarify the purposes of the Manual of Administration. The number of policies can be reduced, and those that remain should be restated in broader terms. Policies, procedures and guidelines should be differentiated from each other. Methods used to create or revise policy will need to be streamlined, and ministry initiatives in policy and procedure development should be encouraged and supported. A code of values would help managers make better decisions without the need for detailed, centrally determined practices. Training in the aims and contents of the Manual would also be helpful. Sensitive policy matters such as the acquisition of professional services require special attention and regular review and updating. Each of these steps can contribute to upgrading the Manual, and each is discussed below.

Clarifying the Purposes of the Manual

One cause of the Manual's excessive procedural detail is that it is written with too many objectives in mind. At different points, the Manual

- gives instructions on how to do something, such as preparing submissions for the Management Board;
- states Cabinet policy, such as the visual identity policy and the conditions for acquiring outside professional services;
- sets forth rules and values;
- clarifies who is responsible, in a jurisdictional sense, for activities;
- communicates the government's administrative policies to a variety of audiences;
- provides managerial advice and assistance;

- establishes controls over government expenditures; and

- guides the development of specific ministry policies.

Each of these objectives may be reasonable in itself, but when combined the result is difficulty in understanding the underlying administrative focus.

The Manual is not a good forum for laying out detailed procedures. Most of these should be developed in individual ministries and be incorporated in their own internal documents. The Manual should be a straightforward statement of the rules that must be followed and the ways in which people must behave in relation to their responsibilities.

We recommend that

4.1 Emphasis in the Manual of Administration be given to

- specifying in clear terms the major do's and don'ts of proper conduct and behaviour on the part of civil servants; and

- communicating the intent of each policy so that the user can clearly understand its purpose.

Reducing the Number of Policies

The Manual includes several policies and related procedures that are handled by a specified ministry or by a particular unit within a ministry. For example, responsibility for providing government accommodation has been delegated to the Ministry of Government Services; the functions of job evaluation and classification are shared between ministry personnel branches and the Civil Service Commission.

In dealing with such matters, a manager customarily will consult the unit or ministry involved, so that it is not necessary for a detailed policy to be included in the Manual. A section of the Manual could identify who looks after the most commonly needed services. Eliminating coverage of detailed policies and procedures normally handled by specific groups and where administrative responsibility is clear would result in a Manual more useful to its users.

We recommend that

4.2 A review of existing directives in the Manual be conducted to eliminate those that are of interest to a minority of managers or that are normally dealt with by specific staff units or ministries.

Restating Policy in Broad Terms

In some sections of the Manual, the instructions go too far in spelling out what must be done. For example, in Volume 2, Policy 5-3-5, Guidelines for Filling a Management or Excluded Position Vacancy in the Classified Service Under Delegated Authority, managers are expected to follow a series of twenty steps, with further sub-steps, and in exact sequence.

In other sections, material that is really advisory is institutionalized as though it were mandatory procedure. For example, Policy 25-7 of Volume 1 gives extensive advice on how a crown agency should establish agency terms of reference that will not conflict with those of others -- information that could reside in a separate informational booklet on the subject. Although the Manual is in fact no more restrictive on any one subject than similar documents that might be found in many other organizations, its procedural emphasis gives the impression of an excessive degree of control over administrative detail. A greater degree of personal accountability could be achieved if the Manual laid down fewer restrictions and allowed more freedom within which managers could work productively in their individual settings.

Restating directives in broader terms as a framework for the development of ministry policies would enhance the jobs and accountability of ministry managers and provide them with greater decision-making latitude. The policy review required to accomplish this would eliminate restrictive rules where reasonable management judgment could be substituted. One of the desirable outcomes of this approach would be to allow decision-makers to focus on results rather than process, while preserving integrity and probity by stressing the fundamentals where policy compliance is essential. Not all policies will lend themselves to a broader approach, but there are many instances where managerial accountability and effectiveness would be enhanced by a broader expression of policy limits. This proposed approach should be adopted not only in the Manual but in ministries' internal manuals as well.

We therefore recommend that

4.3 Administrative policies be restated as broad directives wherever feasible.

Separating Policy from Procedures and Guidelines

A Manual oriented to managerial users would have less procedural detail. Some degree of procedural detail is inescapable; staff with direct administrative responsibility sometimes need the elaboration that detail provides, and government-wide consistency is important in certain procedures. Administrative practices should be segregated into their three components: policies, procedures and guidelines. This could be done by providing policy statements to all government managers while separating mandatory procedures and guidelines, perhaps by colour-coding the pages or putting lengthy guidelines in separate publications, and providing them only to those who need them. This will entail substantial rearrangement and reworking of the existing directives.

A policy is a statement of what must be done or must not be done in a specific area. Although the heart of policy is the question of what must take place in specific circumstances, it is important to discuss the policy intent and purpose. For example, a policy might state that a ministry should not launch a systems development project of more than a stipulated value without prior Management Board review, the aim being to avoid duplicating such investments in several areas of the government.

A mandatory procedure is a series of actions that must be taken in a specific policy area if the policy is to be fulfilled. For example, if the policy is to give preference to internal candidates for vacant positions, then a mandatory procedure might be to get a list of all qualified internal candidates from the Civil Service Commission. Another example of a mandatory procedure would be the steps required to secure tenders in acquiring outside services above a certain dollar amount. Many policies should not require mandatory procedures. It is consistent with the development of a more user-oriented Manual that mandatory procedures be written only when absolutely necessary for the achievement of the policy.

Guidelines consist of suggested actions, factors to be considered, or advice to assist the government manager in an area where it is understood that

there is some decision-making latitude. Lengthy material intended to be of help in this manner could appear in separate publications. Examples of such material might include visual identity practices, position classification, choosing and using professional services firms, or organizing new crown agencies.

We recommend that

4.4 The policy, mandatory procedure and guideline components of directives be separated from each other.

Streamlining the Process of Policy Revision and Development

Some important policies are outdated, and the gestation period for new policies is long. There is a need to approach policy change more responsively. For example, there has been some delay in developing a new government policy on the acquisition of microcomputers, because the issues are complex. The longstanding low approval limits for using management consulting, technical consulting and systems development services cause administrative difficulties and do not contribute to effective management.

Streamlining the process of producing new policies and updating existing ones can be approached in a variety of ways. Policy issues can be so complex and their nature so different that no one method for facilitating the process will suit all situations. Some of the approaches that could be employed include the following:

- Forming temporary but full-time task groups to create or revise specific policies. These groups should consist of people who are representative of ministries directly affected by the policy issue as well as central agency staff. This approach has been used with some success in the past.

- In some functional areas, representatives of ministries already meet on a regular basis. The Personnel Council, Senior Financial Officers Council, Internal Audit Council and Systems Council are specifically constituted groups. Other groups, such as the Chief Administrative Officers, have not been formally established but do meet from time to time. Such groups could play a more active role in policy review and

development and could be valuable in identifying where policy change is required. Although these groups would have no formal authority for policy definition, regular consultation with them could generate much of the input required for policy review.

- In a similar informal manner, the Deputy Ministers Council could be asked for its advice where a proposed policy is of special importance or likely to be controversial.

- Special hearings could be held by a subcommittee of Management Board or by the Secretariat to consider policy proposals, thereby allowing interested ministries or managers to express their views.

- Management Board could adopt a tight time standard, perhaps ninety days to revise policies and 120 days to produce new policies.

Emphasis should be given to getting on with issuing the policy, even when it is apparent that the intended directive does not supply a perfect resolution of the issue. In some cases it will be beneficial to establish a policy and monitor its appropriateness; rather than prolong the process of review, amendments can be made as necessary in the light of experience. In the same spirit, requests by ministries for exemptions should be dealt with quickly.

We recommend that

4.5 **The process of administrative policy development be streamlined, and policy reviews completed within a specified short period of time.**

Supporting the Development of Ministry Policies

Reduction in the procedural detail of the Manual will require that individual ministries work within broader statements of policies contained in the Manual. Each ministry would develop more detailed policies, procedures or guidelines for internal application, as needed. In doing so the ministry should follow the principles we recommend for the government-wide Manual, wherever applicable, and itself should avoid unnecessary procedural detail.

Management Board Secretariat, through its informal relationships with the ministries, should provide advice on ministry manual content and format. The Secretariat also should be able to provide examples of effective policies prepared by other ministries.

We recommend that

4.6 Responsibility for developing the practices required to apply government-wide administrative policies be delegated to the ministries to the maximum degree possible.

Developing a Code of Values

Nurturing a greater sense of individual accountability, and the positive effect this will have on management practice, will be enhanced by having a Manual that emphasizes broad policy and de-emphasizes procedural detail. The need for detail can be reduced further by preparing a code of values and relating it to the Manual.

The purpose of the code would be to create a clear perspective for government managers about key managerial attitudes and behaviour, and to provide the broad underlying rationale for individual policies. A statement of values would further reduce dependence on specific policies and procedures, because the code would provide behavioural guidance to managers that they could apply for themselves. The code should deal with basic values of management, human relations and personal conduct. It could include such areas as

- serving the public;
- human values;
- accountability;
- equality of treatment;
- standards of integrity;
- ability to withstand public scrutiny;
- fairness to suppliers;
- productivity, economy, efficiency and effectiveness;
- probity and prudence;
- application of the merit principle;
- conflict of interest;
- confidentiality;

- receipt of benefits or gifts;
- misuse of position; and
- rewards based on performance.

The code of values should be included as a preamble in the Manual of Administration, and also could be distributed separately in the civil service.

We recommend that

4.7 A code of values be prepared and included as an introduction to the Manual of Administration.

Offering Training About the Manual

Comprehensive or lengthy training of government managers in the contents of Manual directives is neither necessary nor desirable. After all, the Manual is principally a reference document, to be consulted when the need arises. But there is merit in giving managers, at an early stage in their careers, a good grounding in it. An overview of the Manual's coverage and purposes, the policy development process, the code of values, and the nature and rationale for key policies should be given through a module of the government-wide management development courses.

We recommend that

4.8 Training about the Manual be included in the government's management development program.

POLICY DIRECTIVES IN SENSITIVE AREAS

A few key subjects in the Manual of Administration call for special and continuing attention because of their potential for difficulty, wide application, restrictiveness, complexity or sensitivity in the eyes of the public. Examples of these include the acquisition of outside professional services, hiring of civil servants, position classification standards, and the mandatory use of government internal services.

In this paper we consider one of those key subjects: the practices for the purchase and management of three important types of professional services.

These are dealt with in three directives in the present Manual, those covering management consulting, technical consulting and systems development. The suitability of these directives, and the effectiveness of the administration of them, has been of widespread concern, to the Public Accounts Committee, to Management Board and to the ministries that apply them. Further, at times it is unclear under which of the three directives a given kind of service should be procured.

Over the years, Management Board has recognized the need to pay particular attention to these areas. The present directives were last updated in early 1979. There is now general dissatisfaction with the directives. The financial limits above which tenders must be called for management consulting and systems development services are felt by many managers to be unreasonably low. Projects must be tendered if the estimated cost exceeds $15,000. The projects must receive Management Board's approval, both at the tender request stage and at the contract award stage, if the cost is to exceed $100,000. Exemptions require specific approval from the Board.

Somewhat different practices apply to the contracting of technical consulting services. Two alternative methods are used, depending on whether a project is classified as "complex" or "regular" and whether fees could vary significantly among suppliers. If a project is considered complex or if fees might vary, a tendering procedure is used. If a project is classified as a regular one, a qualified supplier may be chosen from a roster, using a principle of rotation among the suppliers. The roster selection method may also be used if the deputy minister believes that the competitive method would lead to unacceptable delay. Under either method, contracts over $100,000 must be approved by the deputy minister but do not have to be approved by Management Board.

Management Board is aware of the concerns, has studied them, and drafted revised directives during 1983. The drafts were referred to our study, just prior to their being finalized. The drafts raise the financial limits in certain cases, set out a simplified competitive acquisition method for contracts below $50,000, and incorporate new material to regulate contract price increases and follow-on work from initial contracts.

The draft directives go only part way toward resolving the concerns. It is sometimes difficult to draw clear distinctions among the three types of services covered by the directives. Further, there is a high degree of

repetition in the coverage and wording among the existing directives, and this has not been eliminated from the drafts. We believe it may be possible and perhaps desirable to deal with all three kinds of service within the scope of one directive, with designated exceptions. The requirements should be as uniform as possible for all these services, with the only important exception being to continue the roster method in the few ministries where there are extensive precedents for it.

The roster or rotational method of employing technical consultants, primarily architects and engineers, is used widely in only a few ministries: Transportation and Communications, Environment, and Government Services. In these ministries, application of the roster method is a normal business practice; it is used mainly for procuring architectural and engineering design, land surveys and appraisals, in a manner consistent with the legislation governing these professional services. Other defined areas of technical consulting include services such as accounting, actuarial science and recruitment; there is no essential reason why such services should not be procured under the same competitive rules as apply to management consulting and systems development services. Accordingly, the roster method of awarding contracts should be withdrawn as a general practice. However, those few ministries in which it has been used extensively in the past should receive formal authorization from Management Board to continue this method for procuring services in the architectural, engineering, survey, appraisal and other specified fields.

The financial threshold of $15,000, above which competitive tendering is mandatory, has become outdated by inflation. The threshold should be raised to $25,000.

The threshold above which Management Board must give its approval should be raised to $250,000 from the present $100,000. This is partially to account for the effects of inflation, but primarily to reduce the administrative detail for both ministry staff and the Board and to follow our earlier proposals for enhancing the effectiveness of the Manual of Administration. The dollar level of this threshold, and of that for competitive tendering, should be reviewed periodically to reflect the effects of inflation.

Controls over contract price adjustments, and procedures to circumscribe the use of initial and follow-on contracts, are set forth in the Board's new draft directives. These should be adopted.

The draft directives call for ministries to keep summary information on contracts awarded that exceed the financial threshold; this information is to be readily available to the Management Board Secretariat. This proposal should be implemented. In addition, ministries should give the Secretariat a quarterly list of contracts below the financial threshold (which we have suggested be set at $25,000); this would allow the Secretariat to initiate inquiries if it wished.

The draft directives would require a simplified competitive bidding process for contracts up to $50,000. The contract would be awarded on the basis of short quotations from three or four vendors. The purpose is to make things easier, and to reduce administrative costs, both for ministries and for professional service firms tendering on such contracts. This principle is good, and it affords sufficient checks and balances. It should be implemented on an optional rather than a mandatory basis.

In the appendix to this paper we provide an example of a directive for the purchase and management of professional services. It is intended to be illustrative rather than definitive. It incorporates the observations and suggestions just made and reflects the more general recommendations about the Manual of Administration made earlier in this paper. Its foundation is the three existing directives, modified using several features of the Board's new draft policies, and eliminating explanatory or educative information, which should be located more appropriately in other documents.

We recommend that

4.9 A new directive be developed to establish policies and procedures for the purchase and management of management consulting, technical consulting and systems development services.

APPENDIX TO PAPER 4

ILLUSTRATIVE DIRECTIVE FOR THE PURCHASE AND MANAGEMENT OF PROFESSIONAL SERVICES

I. Purpose

To state policies and procedures for contracting professional services, that

- maximize the benefits from and efficiency in the use of these services;
- ensure that suppliers are treated fairly; and
- ensure that contracting of these services can withstand close public scrutiny.

II. Application

All ministries and Schedule 1 agencies and ad hoc bodies unless otherwise specified in a Memorandum of Understanding (directive 25-2).

Contracting for legal, communications, and research and development services are dealt with in other directives.

This directive is an extension to directive 35-4 on competitive purchasing.

III. Definition

Professional services include management consulting services; systems development services for electronic data-processing, data communications or office automation; and professional services concerning architecture, engineering, accounting, actuarial science, appraisal, community planning, employment, health sciences, interior design, realty and surveying.

IV. Policy

1. External firms or individuals shall be used to perform professional services where

- the services sought are justifiable and necessary to satisfy operational or administrative program requirements;

- the services can be defined in a manner that is amenable to a contractual arrangement; and

- the services are available at reasonable cost.

2. The services of Canadian residents or Canadian-owned firms shall be used wherever possible.

3. The services shall be obtained through a competitive process, except

   - where the value of the contract is $25,000 or less; or

   - Management Board has authorized use of the roster method of supplier selection; or

   - where an exemption has been authorized by Management Board.

4. Contracts for the services of former Ontario civil servants shall be capable of withstanding the closest public scrutiny. No contract for the services of a former official shall be entered into where an unfair advantage in securing the contract exists as a result of the individual's former official capacity.

5. If the estimated cost of a project is less than $50,000, the simplified acquisition procedure described hereunder may be used.

6. When the estimated cost of a project to be awarded competitively is over $250,000, Management Board approval shall be obtained before the request for proposal is issued and again prior to the awarding of a contract.

7. When the roster method is used, approval must be obtained from the deputy head when the contract ceiling price exceeds $250,000.

8. All contracts shall have a firm ceiling price that is tied to the supplier's completion of contract deliverables. Changes to the

terms and conditions that affect the ceiling price require documentation and the deputy head's approval. For contracts with a ceiling price of $250,000 or more, Management Board approval is required to exceed the original ceiling price by either 50% or $250,000.

9. A ministry may subdivide a project into several smaller portions for reasons of complexity, size, uncertainty or improved management control. The ministry may contract through competition for a portion of the overall project (the first contract). Contracts for subsequent portions may be awarded to the supplier awarded the first contract without further competition, if

   - the terms of the first contract have been fulfilled satisfactorily; and
   - the total potential scope of work to be contracted was disclosed as part of the request for proposal for the first contract; and
   - the approval of the deputy head or his designate is obtained; and
   - the total value to the same supplier of the contract(s) following the first contract is less than $250,000 and less than double the ceiling price of the first contract.

V. Procedures for Competitive Acquisition

1. The ministry shall prepare a request for proposal, normally from three or four suppliers.

2. When the simplified competitive acquisition procedure is used, suppliers shall be asked to submit short written quotations confirming their capacity to perform the project on time, giving information on the staff to be assigned, fee rates and a firm ceiling price.

3. The ministry shall document its evaluation of the proposals received, and the reasons for its selection of the successful supplier.

4. Unsuccessful suppliers shall be debriefed upon request.

5. The ministry shall coordinate and monitor the project and the contract, to ensure satisfactory completion on schedule and within budget.

6. The ministry shall retain for three years after project completion all project management documentation for possible reference or audit.

VI. Roster Acquisition Method

1. The ministries authorized to use this method shall maintain lists of qualified suppliers.

2. Terms of reference shall be prepared for the work, including criteria for selecting the supplier.

3. A committee or individual authorized by the deputy head shall nominate at least three qualified suppliers, rank them according to the selection criteria and negotiate a contract with the selected supplier.

4. Contracts shall be awarded with a view to achieving an equitable distribution of assignments among qualified suppliers.

VII. Records and Reporting

1. For all contracts above $25,000 the ministry shall keep, for three years, summary information on supplier selection, the contract and changes therein. This information is to be available to the Management Board Secretariat.

2. For all contracts of $25,000 or less, the ministry shall submit a quarterly report to the Management Board Secretariat, listing the supplier and the ceiling price for each contract.

The Guidebook to the Use of Consultants and Outside Professionals contains helpful material on how to determine the need for professional services, prepare requests to suppliers, evaluate tenders and administer contracts.

5. MANAGEMENT POLICIES, PRACTICES AND STYLE

The Manual of Administration is only one element of Management Board's involvement in the government's administrative and managerial policies and practices.

We reviewed practices to ensure adherence to policy and explored ways to strengthen internal auditing. We assessed the effects of the Management Standards program, a major recent initiative to enhance management effectiveness. Further improvement in management results could be achieved by extending to administrative areas the strategic planning approaches already used by many ministries in policy and program delivery areas. We also examined the progress made by ministries in setting up systems to measure program results.

Our reviews of working relationships between Management Board Secretariat and ministries led us to proposals to strengthen the Secretariat's effectiveness by modifying its management style and priorities. We considered how the Secretariat best can provide leadership in individual areas of management, and examined its working ties with the Ministry of Treasury and Economics and the Civil Service Commission.

THE INTERNAL AUDIT FUNCTION

Internal Auditing in the Ministries

Under the government's accountability structure, the deputy minister is directly responsible for the ministry's program administration and for ensuring compliance with the Manual of Administration. The monitoring of compliance within ministries stems from internal systems that provide checks and balances to ensure probity and prudence in procurement, expenditures and the safeguarding of assets. Accountability for adherence to policy and systems rests first with program managers, who are responsible for ensuring that stipulated operational and administrative controls are exercised. The second line of compliance monitoring is the responsibility of financial, administrative and personnel managers, who provide guidance to program managers and operate their ministry's systems of internal financial control, administration and human resources management.

The third level of compliance monitoring is performed by the ministry's internal audit unit. The unit assesses the financial and management controls surrounding the internal systems. It provides the deputy minister and senior management with an independent and objective appraisal of the effectiveness of those controls.

In 1980, initiatives were taken by Management Board to strengthen the internal audit units in the ministries. The Board called for the mandate of internal auditing to be broadened in scope, to evaluate the effectiveness of the control function on behalf of management. The Board saw this as a step toward achieving better value for money and enhancing accountability. Value for money means the extent to which public funds are expended economically and efficiently and were effective in meeting ministry program objectives. The Board considered internal audit fundamentally a ministry responsibility, and authorized additional staff to strengthen ministry internal audit branches. The Board's role was to provide central support and to develop standards and methodology for value for money auditing. This was effected by issuing guidelines in 1983.

Implementation of the expanded scope of auditing was intended to be evolutionary. Nevertheless, action to create an effective value for money component of internal audit has been slow in many ministries. Although the attest, compliance and electronic data processing elements of internal audit seem, for the most part, to be conducted satisfactorily, value for money audit work tends to lag behind the schedules set for it in ministry audit plans. Some of the delay is due to technical reasons, such as the lack of meaningful ministry performance data to measure program efficiency and assess effectiveness. Most of the delays, though, are caused by the lack of enough staff resources with the needed qualifications.

Some heads of internal audit units contend that the deficiency in resources is the result of position classification levels being too low for their professional group. As a consequence, they have difficulty attracting enough bright people to the internal audit discipline. They also feel that they do not have enough staff to do an adequate job of value for money auditing.

The problem of classification levels has been examined by the Civil Service Commission, which believes in general that the levels are reasonable in relation to comparable groups. With the adoption of value for money audit

principles, where auditors assess matters of accountability, economy in resource use, and program efficiency and effectiveness, and make observations and recommendations to senior ministry management, it is opportune to re-examine the classification levels of value for money auditors. The Management Board Secretariat should initiate dialogue with ministry personnel directors, internal audit directors, the Civil Service Commission and others, to study the classification levels and their effect on attracting and retaining competent people.

The ministries and the Secretariat should encourage program secondments or tours of duty by program managers in internal audit units as a means of augmenting the permanent audit staff. This would bring a line manager's perspective to the audit environment and provide a way to inject program expertise when it is required. It also would supply training in value for money principles to line managers, which would influence their approach to program management once their secondment was over.

Consideration should be given to supplementing internal audit resources by selective purchasing of professional audit assistance from the private sector. When this is done, it is important that internal audit staff share in the work undertaken by the private sector auditors, to ensure that valuable learning opportunities are taken advantage of.

The ministry's audit committee is critically important to the effectiveness of internal auditing in each ministry. The committee can do much to heighten executive awareness of the benefits from internal auditing and to ensure that audit observations and recommendations receive proper consideration. Representation of executives from other ministries or the private sector on audit committees can bring the advantages of independent viewpoints and different backgrounds.

We recommend that

5.1 The appropriateness of the position classification levels of internal auditors practising value for money auditing be re-examined.

5.2 The practice of seconding program managers for tours of duty in internal audit groups be adopted.

Management Board Support to Internal Auditing

The relationship between Management Board Secretariat and internal audit units is complex. On one hand, the Secretariat performs a control role in establishing policy and standards and by monitoring internal audit plans. An example of the latter activity is the requirement that ministries lodge their audit plans with the Secretariat so that it can assess whether internal audit units are conducting adequate reviews of ministry compliance with the Manual of Administration. On the other hand, the Secretariat acts as an adviser, helper and technical resource for the ministries' internal audit units. The Secretariat sponsored value for money audit guidelines, which were produced through an inter-ministry task force and issued in 1983. The Secretariat assists in designing audit training courses put on through the Civil Service Commission.

The development of effective value for money auditing within ministries is a positive step in fostering good administrative practices. It affords a means for program and administrative systems and controls to be reviewed independently in terms of their contribution to achieving economy, efficiency and effectiveness. However, the concept is relatively new in Ontario; it needs nurturing and continuing support from Management Board.

The Secretariat is responsible for central coordination, as well as for liaison on behalf of Management Board with the Public Accounts Committee and the Provincial Auditor. The Secretariat's functions should be enhanced to encompass

- developing audit policies, practices, standards and guidelines;
- advising and helping the ministries in implementing these;
- assessing the merits and effects of new developments in audit methods and technology;
- encouraging the upgrading of internal audit skills in the ministries, through standards, training programs and spreading of new techniques;

- contributing to the development of government-wide priorities in internal auditing, and helping ministries plan in accordance with these;

- forming opinions, on behalf of Management Board on the adequacy of internal audit plans and performance in individual ministries;

- advising on significant internal audit organizational and personnel matters, in particular on the appointment of ministry chief internal auditors, and sitting on appropriate selection panels; and

- giving leadership to the government-wide Internal Audit Council.

We would expect the Secretariat's staff to meet regularly and informally with the chief internal auditors and senior audit staff of the ministries, as an important means of carrying out these responsibilities.

We recommend that

5.3 Management Board Secretariat augment its internal audit support capabilities.

THE MANAGEMENT STANDARDS PROGRAM

Under its governing act, Management Board is charged with prescribing or regulating administrative policies and procedures as necessary for the efficient and effective operation of the public service, and with initiating and developing management practices and systems for efficient operation.

The Manual of Administration, with its necessary emphasis on rules and controls, does not, in itself, generate broad improvement in the standards of management. Since its inception, Management Board has been involved in developing and supporting a variety of programs to strengthen government management. One of the more important of these is the Management Standards Project.

The project was commissioned in 1980 to establish a framework for managing in the 1980s. It consists of an extensive set (as yet incomplete) of

publications that describe principles, standards and responsibilities of management. An Overview Series describes management philosophy, principles and responsibilities. A Process Series discusses and sets standards for the elements of management processes in ministries. The project was also intended to provide a forum for dialogue on management issues and initiatives in the civil service.

In 1983, deputy ministers were given responsibility for implementing, over a three-year period, the principles and standards identified by the project. In certain ministries, a senior manager has been assigned the job of planning, monitoring and coordinating the implementation work. Some ministries are using the standards as benchmarks in improving their management processes. The Management Board Secretariat provides some support to implementation, and is considering options to increase ministry implementation efforts.

The Management Standards Project was designed to focus attention on the importance of good management practices, and it includes some excellent material on the management process. The need for full implementation of the publication series was questioned, however, and it was decided to suspend further publications. In addition it was determined that efforts to date were sufficient to shift attention away from process and toward the achievement of results. The absence of strong backing for ministry efforts, through staff assistance, training courses and budgeted funds, has been an inhibiting factor in implementation.

The practices and standards embodied in the Process Series of publications place great emphasis on the principles of rational management and on the many individual components of the processes of management. Today, at the centre it is more appropriate to emphasize results rather than process, and to raise the quality of management through greater attention to human resources and to the working climate.

Accordingly, it is our view that the decision to suspend the publication series as a government-wide initiative was appropriate. Many of the existing publications do, however, contain material helpful to ministries in formulating their ongoing plans for management improvement. Some of the publications would also be suitable for use in the government's management development programs.

We recommend that

5.4 The Management Standards program be discontinued as a central initiative, but pertinent existing principles and standards be integrated into each ministry's management improvement plans and actions.

MANAGERIAL INITIATIVES AND PLANS

The quality of management results and practice would be enhanced by extending ministry strategic initiatives into the area of ministry administrative management. The activities of many ministries include the formulation of strategies, but these are usually for policy and program delivery rather than management. Strategies for managing human resources, financial affairs and general administration do not usually receive comparable attention.

Beyond the question of balance between policy and management matters within ministries, there are a number of critically important managerial issues affecting all ministries. These issues would benefit from a greater degree of coordinated communication, planning and action. Issues such as enhancement of human resources development, the effective use of information technology, the development of sustained productivity improvement, a balanced approach to the need to eliminate low-priority programs, plans to reduce the size of government, and the development of improved client service are examples. Such issues have a direct impact on individual ministries, but also have government-wide implications. Each is complex, will unfold over a period of years, and will present major planning challenges. Formal and elaborate strategic planning programs aimed at managerial issues are unnecessary. Nor would they be welcomed by ministries, because of the pragmatic working climate of government and because past government-wide initiatives have tended to disrupt ministry management processes.

In sum, while there is a need for a small number of government-wide management strategies, these should be developed informally and in concert with ministries. As a first step, the Management Board Secretariat could consult with ministries to identify and articulate a few key government-wide administrative goals. Ministries then could be asked to reflect these goals in their own plans and priorities. Since most ministries have some degree

of strategic planning for policy and program matters, it should be relatively straightforward to add a management component.

Each ministry must ensure that management improvement needs and opportunities are explored, initiatives developed and action taken. The formality and complexities of orthodox strategic planning processes should be avoided, but each ministry's improvement plans should integrate its initiatives in the various dimensions of ministry management: results measurement, management practices, human resources development and training, information systems, financial management, accounting and internal audit. These plans will supply a basis for review and endorsement by the deputy minister and by Management Board, and can serve as a foundation for the delegation of authority by the Board. These integrated plans are an important step in maintaining the government's tradition of sustained efforts to strengthen its managerial capabilities.

We recommend that

5.5 Management Board develop and communicate key government-wide management strategies, and ministries develop plans responsive to those strategies and to their individual requirements.

MEASUREMENT OF RESULTS

The Managing by Results program was launched by Management Board in 1974. The aim is to create and apply concepts and approaches to measuring program results and to relate these to the resources used. The underlying purpose is to strengthen accountability, improve efficiency and supply a basis for determining the effectiveness of program delivery.

The approach calls for ministries to develop quantitative data on individual programs that can be used to measure efficiency and benefit to the public in terms of program outputs and their ultimate effects. The data are to be integrated with expenditure information supporting the Estimates. Information on each program is to be summarized in a uniform way, setting forth a statement of objectives, results, resources used, and indicators of operational and program performance. Internal administrative programs are excluded from the requirements of the program. The Management Board Secretariat provides limited staff resources to guide and assist the ministries in improving their systems for measuring results.

Measurement information is expressed in three main forms:

- work that is performed in delivering the program, so that managers can assess efficiency (for example, cost per cheque produced for a client group);

- program outputs, to assess the direct delivery of services to program clients and the public (for example, proportion of cheques delivered on time); and

- program effects, to review the broader socio-economic consequences or effects of programs in relation to those intended (for example, effects of the transfer payment redistribution of wealth on the client group).

Although Managing by Results has been in place for over a decade, the Management Board Secretariat is of the view that many ministries do not yet have comprehensive and accurate data to measure and assess results. This deficiency may stem from several sources. The format prescribed by Management Board for reporting results does not always match the format that ministries consider meaningful for their own use. Thus, some ministries report results in two formats: one for themselves, the other for the Secretariat. Some ministries have also found it difficult to develop meaningful measures of efficiency in some programs, because the costing of program activities has not been fully developed.

Despite continued efforts on the part of both the ministries and the Secretariat, the scope and quality of information on program outputs and effects is not satisfactory in some ministries. In part this is because measures of program effects -- the impact of programs upon the intended beneficiaries -- may be difficult or impossible to establish. This is due in turn to the unavailability of data, the qualitative nature of some programs, or situations where the results come from a combination of programs rather than one alone.

Notwithstanding these difficulties, the merits of measuring results achieved relative to resources used are unassailable. Ministries and Management Board have a common stake in wanting this information. Reporting on performance in achieving results is a vital element in maintaining accountability, and in responding to the continual pressure to improve

productivity and to demonstrate the effects of programs. Measurements of results actually achieved relative to resources used and to planned results are fundamental to the deputy's annual management review with Management Board.

Ministries should be the principal users of data on the results of their programs. They should have wide latitude to measure and report results in the manner and detail that are most helpful to them. These data should serve the purposes of Management Board without being reworked from summaries prepared for the ministry's own use. If the data are of unacceptable quality in coverage, structure or accuracy, both the ministry and Management Board should press for improvement to satisfactory levels.

In Paper 7 we discuss the need to strengthen the appraisal of managers' performance. There is a close relationship between the performance measures of individual program managers and the ministry's measures of program results. Linking these would strengthen accountability by interrelating program objectives and the responsibilities of managers. Tying together the approach to measuring program results and that for assessing managerial performance should be coordinated by each ministry's senior officer for finance and administration.

We recommend that

5.6 **Program results information be accumulated in a manner meaningful to individual ministries, with summaries which meet the needs of both the ministry and Management Board.**

5.7 **Ministries work with Management Board Secretariat to supply meaningful and accurate results data for the annual management review with the Board.**

5.8 **Ministries be responsible for linking measures of program results with related measures of the performance of managers.**

A MANAGEMENT STYLE FOR THE FUTURE

We have said in Paper 2 that Management Board's defined role and responsibilities are clear, consistent and reasonable. We have also recommended that its accountability relationships with ministries be based

upon explicit delegations of authority. Given those responsibilities and accountability relationships, how can the Board best proceed to ensure that government programs and activities are managed well, and to maintain integrity and efficiency in the conduct of government affairs? What management style should the Board and its staff adopt? On what activities and priorities should time and effort be focused? With what attitudes should the Board perform its work and conduct its myriad relationships?

In response to these questions we present several guidelines in the appendix to this paper. These guidelines do not so much signal deficiencies in present activities as offer signposts for the future. As long as there are strong pressures for tight control of the public purse, there will be a need to maintain the highest level of management quality and results. For the foreseeable future the government's managerial environment can be expected to feature

- continuing restraint in governmental expenditures and programs, coupled with increasing requests from the public for new services;
- a compelling and continuing need for greater productivity;
- an ever-quickening pace of change;
- a shift in managerial emphasis, away from systems and mechanisms and toward management style, values and working climate;
- a focus upon the management of people and results, with correspondingly less attention to processes and structures; and
- fundamental changes in administrative management brought about by new electronic and information technology.

The guidelines in the appendix concern Management Board's management and operating styles, its priorities, and how the staff of the Secretariat spend their time. These proposals can help the Board to work most effectively in the years ahead. They do not involve altering key roles or changing organizational structures. Rather, they would alter how the Board goes about its work.

LEADERSHIP FROM SECRETARIAT STAFF

In the preceding section and the appendix we depicted a managerial and operating style for the Board and its Secretariat to equip it for the years ahead. The guidelines downplay matters of formal structure and systems, instead placing strong emphasis on ministry-centered relationships, matters of substance, implementation and results.

Steady improvement in the quality of government management will come through the ongoing efforts of each ministry, supported by sustained and consistent leadership from the Secretariat -- not through successive waves of reform. The foundation for a successful contribution by the Secretariat lies in having senior, experienced staff with strong skills in their subject areas, who are able to provide constructive and innovative guidance to the ministries in a way that is productive for the Board and respected by the ministries.

The Management Policy Division is responsible for the Secretariat's functions in the areas of the Manual of Administration, organizational structures and management improvement practices.

The Programs and Estimates Division is responsible for the Estimates process, program implementation plans, the financial, administrative and results implications of proposed initiatives, monitoring of ministry expenditures and staff levels, and results measurement.

The Information Technology Division is responsible for developing and supporting policies and plans that encourage effective use of computer technology, telecommunications and information systems.

Each of these divisions should have a team of senior, broadly experienced people and specialists who are knowledgeable about one or more areas of their division's work, and who have, or can acquire, a sound understanding of the ministries' capabilities and needs. Some of these people may come from generalist backgrounds, versed in such areas as governmental program management or administrative practices. Others may possess specific skills in selected areas of interest to the Board and where the ministries may require recurring advice; examples might be contracting for professional services, procurement of goods and services, program review, productivity

improvement, internal auditing or information systems management. This approach may require a higher proportion of senior, experienced people.

The central aim of each division is to maximize the quality of management in its respective field, both government-wide and in individual ministries. In fostering quality in management, they should focus on providing advice and guidance to ministries in the attainment of managerial objectives and results. Within its functional area, the responsibilities of each division should include

- developing policies, standards and practices;
- advising and assisting ministries in implementing these, and observing how they are applied;
- reviewing and evaluating recommendations from ministries on expenditures, programs, policies and practices;
- encouraging and assisting ministries in improving the quality of management;
- fostering the upgrading of managerial skills, through standards, training and techniques;
- designing the content of training programs for its area of responsibility;
- advising ministries on plans and complex problems, referring them to examples or more extensive help from other ministries or outside government, when appropriate;
- contributing to the development of government-wide management strategies and priorities, and helping ministries plan in accordance with these;
- reviewing and forming opinions on the adequacy of the plans and performance of individual ministries with respect to the division's area of responsibility;

- advising on significant organizational and staffing matters, in particular on the appointment of each ministry's senior officials in their areas and participating as appropriate on selection panels;

- developing ideas for, and fostering management improvement in, productivity, efficiency and effectiveness and keeping abreast of innovations and new approaches;

- cross-fertilizing successful practices among the ministries;

- providing leadership to or participating in, as appropriate, government-wide functional councils; and

- integrating the work of the division with that of other parts of the Secretariat and, where applicable, of the Civil Service Commission.

The effectiveness of each division will depend heavily upon the knowledge and capabilities of senior staff members — their ability to command respect, to cause things to happen, and to build effective relationships with deputies and with their counterparts in ministries. They have no direct authority over the ministries, nor have they any formal controls over them. Their greatest asset will be competence in their area of management.

MINISTRY OF TREASURY AND ECONOMICS

The financial dimension of government management has produced close ties between the Ministry of Treasury and Economics and Management Board. They cooperate closely in arriving at recommended resource allocations, reviewing the Estimates, conducting in-year expenditure monitoring, producing financial and expenditure reports, and preparing expenditure forecasts.

The Office of the Treasury prescribes accounting principles and policies, coordinates preparation of the Public Accounts, and establishes practices for internal accounting control and for the financial and compliance components of internal auditing. It also maintains a Manual of the Office of the Treasury, containing accounting, control and finance policies. These activities could reside in either the Ministry of Treasury and Economics or Management Board. They belong to the Ministry of Treasury and Economics

under its Act, and we see no reason to propose a change. The accounting, record-keeping and public reporting duties of the Office are, and can continue to be, distinguished from Management Board's use of financial information as a component in management planning, decision-making and monitoring.

The Ministry's Fiscal Planning Policy Branch is concerned with budget preparation, the government's fiscal framework, resource allocation and financial policies. The Economic Policy Branch of the Ministry addresses the government's economic policy and program initiatives. Together, these branches may review and give opinions on program expenditure submissions from ministries to the policy field committees of Cabinet and to Management Board. Ministry submissions are also reviewed by the Board Secretariat, which makes a recommendation to the Board, expressing its own views and taking into account the opinions of the two Treasury branches.

To the extent that the Secretariat and the Ministry of Treasury and Economics are both examining submissions on proposed expenditures, there is a degree of overlap. However, the Ministry of Treasury and Economics brings to bear a financial policy perspective, while the Secretariat applies its knowledge of the affairs of the proposing ministry. This duplication is not of signal importance, but the need to continue it should be re-examined. There will be issues where either the Secretariat or the Ministry of Treasury and Economics identifies a need for a detailed analysis from the perspective of the Ministry of Treasury and Economics, to augment the Secretariat's analysis. There should be a clear and agreed-upon process to join these analyses to lead to the most effective decisions by Management Board.

RELATIONS BETWEEN MANAGEMENT BOARD AND THE CIVIL SERVICE COMMISSION

There is ready coordination between the Management Board Secretariat and the Civil Service Commission in matters of common interest. Integration is facilitated by having one minister, the Chairman of Management Board, for both the Secretariat and the Commission.

The areas requiring the closest interaction between the Secretariat and the Commission have to do with the Secretariat's responsibility to advise the Board on organizational matters, including the creation of senior management positions, and the Commission's responsibility for personnel administration

relative to executive staffing, classification, compensation and development. Our proposals in Paper 7 regarding human resource management emphasize the need to strengthen the link between organizational and senior personnel matters. It is imperative that Secretariat and Commission staff work closely to integrate these areas. It may become desirable, after a period of operating under the proposed arrangements, to combine the organizational and senior personnel functions in one unit, based in either the Commission or the Secretariat.

APPENDIX TO PAPER 5

A PROPOSED MANAGEMENT STYLE FOR MANAGEMENT BOARD

Balanced Nurture and Authority Roles

In exercising its defined responsibilities, the Management Board and its staff could adopt a strong authority or control posture; it could concentrate upon detailed prescriptive rules, tight reporting requirements, limited delegation of authority, and extensive involvement within the ministries. At the other extreme, it could position itself as an aid to the ministries, encouraging and supporting them, in a laissez-faire style.

Some elements of the Board's responsibilities have inherent "authority" connotations. They include analyzing and approving the Estimates and special or supplementary expenditure requests; monitoring expenditures and reviewing expenditure forecasts; approving and monitoring organization and staff establishments; and reviewing performance and results. The development and promulgation of administrative policies also have authority implications, since the policies prescribe what ministries may and may not do.

In these activities, the Board Secretariat tries to walk the middle of the road. It does its own analysis of proposals, plans and submissions from the ministries, and (if applicable) collates the comments of other interested parties such as the Ministry of Treasury and Economics and the relevant policy field committee. At the same time, it endeavours to present fairly the proposing ministry's arguments and rationale to Management Board for its decision.

Other aspects of the Board's responsibilities call for a different approach. In encouraging improved management practices, the Board and its Secretariat are concerned with initiating projects and practices, writing supporting material for these, offering advice and giving support. In this dimension of its role, the Board has played its authority lightly, relying on nurture and suasion.

Some of the government officials interviewed were of the opinion that the Board puts too much emphasis on its authority and control functions and was not responsive enough to be of real help to individual ministries. Others

thought the Board tends to send out guidelines and other management aids but is not aggressive enough in requiring that ministries improve the quality of management. Still others questioned whether it is possible for one organization to fulfil both authority and supportive roles effectively.

We believe that it is both possible and desirable to retain the two roles within the Board and its Secretariat. To assign them to different central organizations, or to separate units of the Secretariat, would weaken both roles, we believe. The effectiveness of a unit whose sole purpose was to foster top-quality management through guidance, advice and support would suffer from the absence of any power to cause its work to be acted upon. Conversely, a unit whose only duties were to study and approve requests for expenditures or managerial actions would find life very difficult indeed. Divorcing the two roles also would remove the opportunity for constructive interplay between them. For example, if a ministry demonstrated that it had high-quality management practices and had been responsive to the Board's improvement initiatives, the Board would be more receptive to approving its submissions or granting it greater freedom under the approach we propose for delegating authority.

Keeping these potentially conflicting roles functioning effectively within the Board calls for a sensitive and responsive operating style and attitudes to maintain the delicate balance between them. We believe the Board and its staff should not shrink from exercising the authority in its mandate to bring about the highest possible quality of management throughout the government. At the same time, the behaviour and attitudes of Board staff must win the trust, cooperation and respect of the ministries.

Relating to Ministries Individually

Much of Management Board's developmental work to date has been invested in across-the-board approaches, in policies or guidelines related to problems that affect all ministries. The concepts and methods espoused in Managing by Results and the booklets on "Management Principles and Standards" are examples of this generic approach. Although it is appropriate for some purposes to treat all ministries in essentially the same manner, they vary widely in terms of purpose, nature, size of expenditures, staff complement, geographic dispersion, growth patterns, orientation toward policy or operations, and external or internal focus.

At any given time, ministries are bound to be at different levels of managerial excellence and in various states of development, and each has unique needs for the moment and for the future. It is appropriate for the Board to relate to each ministry in its own setting, concentrating on its particular needs. This means the Board would prescribe only a minimum of standards and rules to apply universally. The Board's efforts would shift toward working with individual ministries, understanding their situations, and helping them with mutually agreed needs. The objective would be to focus each ministry's individual needs and priorities, rather than to apply universal processes and techniques laid down by the Board.

Adopting this approach would allow each ministry and the Board to consider the ministry in an integrated way, to identify its needs, communicate concerns, and review how well it is doing. It would embrace all the key elements of the ministry's administration: personnel management, organizational structure, planning, expenditure management, measurement of results, program evaluation, resource management, information systems and management reports.

Concentration on Substance and Results

A large proportion of the time of the Board and its staff goes into reviewing and assessing the substance of the Estimates and other expenditure proposals, personnel actions and special submissions. The extensive data on results generated by ministries are reviewed, but not necessarily correlated (because of time pressures) with the corresponding expenditure figures.

A significant portion of the time of Secretariat staff is devoted to process — to "how" rather than "what". They formulate and improve rules, review proposals and submissions to see that routines have been followed, and prepare material on management practices to guide ministries. A limited amount of time goes into advising the ministries on specific areas of good management practice, such as program planning, internal auditing and results measurement.

A major effort, largely on the part of managers seconded from ministries, went into conceiving, producing and disseminating the publication series called "Management Principles and Standards". Considerable effort also has been invested in studying, strengthening and preparing explanatory material on Managing by Results concepts.

An important and irreducible amount of Secretariat staff time must go into developing and communicating new and revised policies and procedures applying to all ministries and exploring government-wide administrative needs. It is also important for staff to keep in touch with their counterparts in other jurisdictions and in the private sector, to glean ideas for better management within the government. Secretariat staff also participate as instructors in government training programs.

In allocating their time and effort, Secretariat staff should be guided by the principle that substance and results matter more than process. The greatest possible amount of time should be spent on substantive matters; this calls for direct and frequent contact with ministries on their current and strategic needs, problems, plans and results. The corollary is that less emphasis should be placed on promoting particular management practices and techniques, giving ministries the leeway to do things in their own way, so long as aims and results are achieved.

Strategic Thinking and Planning

Management Board's ongoing operating processes emphasize the short term and the ad hoc. They deal with the annual cycle of resource allocation, the Estimates, expenditure monitoring and results measurement. In addition, there are individual proposals to alter spending, proposed contracts, projects and other submissions to be analyzed, and personnel decisions to be made.

Not much time is spent considering government-wide managerial strategies and priorities or assisting ministries to develop their own management strategies. The Information Technology Strategy Project now in progress is a notable exception.

Stronger government-wide efforts, led by Management Board, to determine and communicate managerial strategies would provide a broad and meaningful framework within which ministries could plan with the assurance that their plans are consistent with thinking at the centre. Examples of areas in which strategies might be developed are organizational design, productivity improvement, program evaluation, accommodation and procurement.

Ministries can gain significant benefits by developing strategies and plans for the administrative, financial and human resources necessary to support

program strategy and implementation. They would serve as a guiding force in implementing ministry management improvement and action plans. They would also provide a vehicle whereby Management Board could be involved in and give its blessing to directional strategies and plans. By approving overall strategies under the system of delegated authority we recommend, the Board could give a ministry freedom to operate within its plans, instead of bringing individual projects, contracts or transactions to the Board for approval.

The Big Opportunities

Inherent in Management Board's present duties is the need to deal with many individual transactions, proposals, submissions, exceptions and problems, and to see that prescribed routines have been followed. This tends to prevent the Board from devoting enough time to subjects of potentially greater import.

Continuing efforts should be made to reduce the amount of time spent on comparatively straightforward matters. This could involve paring away excessively detailed rules, maximizing delegation to the ministries, and judging existing routines and operating practices in terms of the benefits to be gained from them. Constant and conscious effort to focus on major subjects should enable Management Board to allocate an appropriate part of its time to broader issues, such as identifying necessary improvements in individual ministries, strengthening government-wide productivity, motivating the civil service, and participating in effective program review initiatives.

Active Leadership in Fostering Quality

As a consequence of having to study and decide on a large number of issues, much of Management Board's work is reactive, dealing with the urgent and the immediate. Thus, the Board tends to focus on finding, analyzing and solving problems.

Instead of responding to problems as they arise, the Board, in laying out priorities and allocating scarce staff time, should concentrate its efforts on active and creative leadership to strengthen the quality of management. The Information Technology Strategy Project is a step in that direction, but more can be done.

Attention to the Larger Constituency

Given Management Board's crowded agenda of open and urgent matters, most of the Secretariat's work to help ministries enhance the quality of management is aimed at the top levels within ministries. In terms of personnel management and improving management practices, the Secretariat concentrates on the jobs and work of managers, rather than those who are managed.

The vast majority of civil servants are not part of the management group, but they do carry out the detailed administrative and program work of ministries. They need their due share of attention in achieving and maintaining excellence in the management of government. No program to raise the standard of client services, no plan for accomplishing greater productivity, no plan to enhance employee motivation, no application of participative management can succeed without regard to the larger constituency: the 70,000 civil servants who deliver programs and services, rather than just the several thousand who manage them.

Follow Through on Key Initiatives

Management Board has launched many management improvement initiatives in the past twelve years. A common response to an emerging need has been to initiate a new program or set of processes, among them Managing by Results, the Management Standards Project and the Internal Audit initiative. By and large, the Board's work in these initiatives has concentrated on drafting, discussing and disseminating written policies, guides and instructions. Typically, ministries will then be asked to develop their own implementation plans and to provide periodic written reports on their progress.

But the mere act of writing policies and guidelines accomplishes little. The Board should devote more of its time to following through with the ministries, prodding them on matters the Board considers important and offering advice and, where necessary, assistance, in accomplishing change. Acceptance for the Board's initiatives, and concrete results, will come best from working closely and informally with people in the ministries.

Consistent with our discussion about focusing on the individual needs of ministries, the Secretariat's approach to follow-through should concentrate on each ministry's unique situation and should emphasize the Board's key

values and aims, instead of pushing for new and uniform systems and processes in all ministries.

Management is only one of the many dimensions of ministry affairs demanding the attention of its executives. Management matters often do not command a high priority relative to program planning, problem-solving and policy advice. A more active stance by the Board, and persistence in following through with ministries on those issues the Board considers of real importance, are prerequisites to attaining excellence in ministry management.

Doing a Few Things Well

Management Board is engaged in administering, conceiving, improving or promoting a large number of processes, systems, mechanisms, controls and reports. Taken together, they are a daunting collection of the things that the Board is trying to do or to get others to do. Their sheer numbers make it difficult for the Board to keep them all moving forward coherently. The volume also leads to fragmentation of resources, efforts and results.

In Paper 5, we propose numerous changes to simplify, integrate or improve Board-sponsored management policies and practices. Apart from those changes, the Board should re-examine regularly what it does or asks others to do. The guiding principle of this re-examination is that the Board should be concentrating its efforts on the few things that it considers of critical significance in achieving its aims of serving as Cabinet's management agent and attaining the highest standard of excellence in government management.

An Informal Style for Staff Work

The meetings of Management Board of Cabinet are necessarily formal; decisions are taken on behalf of the government, and official minutes are kept. The work of the Secretariat, however, need not rely on formal meetings and reports. Wherever possible, discussions and meetings between the Secretariat and ministry people can be conducted informally, and a ministry's own documentation be used in place of special submissions to the Board. This operating pattern already has been adopted in some instances, and its application should be expanded.

The working environment should encourage Board and ministry people to keep in touch and to raise matters informally on a basis of ready access, trust and mutual regard. Informal visits to ministries by Board staff should be welcomed, whether to see individual managers or to hold group discussions that might or might not include informal presentations on what the ministry or the Board is doing.

Speed

The government has earned a reputation for acting quickly on many matters of public policy. This does not necessarily carry over into the development and dissemination of administrative policies or management initiatives.

Drafting new or revised policies and preparing new initiatives can take an unduly long time -- months or even years -- when central agencies endeavour to get widespread agreement from the ministries and to produce a document that covers a subject definitively and exhaustively. A faster pace is desirable in developing material and securing ministry views about it.

Instead of trying to produce a perfect document, it would be appropriate, in many instances, to produce one that covers the essentials, and to put it into use promptly. As a corollary, the Board should be prepared to make amendments readily and quickly in the light of experience in using the document. It is also appropriate to speed up the process of gathering the views of affected ministries and taking these into account. This could be done by circulating draft material with a tight deadline for responses, or by holding informal meetings to which all managers who cared to express their views could come. This was discussed earlier in this paper in the context of responsive and quick production of new or revised directives in the Manual of Administration.

In the application of this modified and more effective approach, all those concerned — ministries, central agencies, the Provincial Auditor and the Public Accounts Committee — should understand its basis and its rationale.

Experiments

It is often hard to foresee all the ramifications of a new approach or to anticipate how it will work in practice. A method is needed to test and adjust innovations in the light of experience and to provide an example for

other ministries to follow. This approach was used in 1982 to try out the process for the deputy minister's annual management review with Management Board.

New procedures can also prove costly if introduced simultaneously across the government without prior testing. Introducing an innovation in one or several branches or ministries, to serve as pilot or demonstration projects, would be a productive and simple way to fulfil this need.

Mutual Support Between Management Board and the Ministries

In the course of our interviews, we heard many comments that reflected a we/they attitude. This was neither unexpected nor unnatural; to some extent, officials may perceive their ministry's interests as being in conflict with Management Board's authority and control roles.

Ministry people sometimes look upon the Management Board Secretariat and the Civil Service Commission as obstacles they must overcome in doing a good job within their ministries. This perception persists despite the fact that Secretariat and Commission staff believe they are downplaying their formal control duties in favour of operating in a constructive, facilitative, helpful way. We believe that progress has been made in recent years in strengthening working relationships and building cooperation. But negative attitudes persist. Similar attitudes and tensions are common, of course, between central agencies and operating departments in other governments and, in the private sector, between the head offices and the operating divisions.

Yet the Board and the ministries have a common aim: the best possible service to the public through the highest possible level of management quality and performance results in the ministries. The tensions never will be dissipated fully. Nevertheless, senior executives of the Secretariat, the Commission and the ministries, as well as ministers, must maintain positive, cooperative and constructive attitudes in their dealings with each other, and make every effort to inculcate and reinforce these attitudes in the people who work for them.

Other means to develop appropriate attitudes include constant attention to good communications, face-to-face meetings in place of memoranda, and

sincere attempts to understand the other's needs and point of view. This can be reinforced by Management Board staff gaining a genuine understanding of the realities within each ministry.

6. THE WORKING ENVIRONMENT

Several dominant beliefs or values have a significant influence on the way decisions are made and carried out in the Government of Ontario. Taken together, these values are part of a working environment that places a high premium on action -- on getting things done. It is also an environment that prides itself on its flexibility and resistance to bureaucratic rigidities. It is a dynamic and healthy working environment with many strengths. In this paper we examine the themes that underlie the working environment in terms of their influence on decision-making and on the roles of the key players in the system. We also examine the values of the system with regard to their implications for enhancing management and accountability.

DECISION-MAKING VALUES

In our meetings with directors, executive directors, assistant deputy ministers and deputy ministers we found extraordinary consistency at all levels in the basic values that guide decision-making. In some cases these values result from realities in the external environment within which the government functions; in other cases they reflect the values of the political leaders; and often they represent the best lessons from the long history of civil service in Ontario. All have a significant influence on the working climate today.

Restraint is Reality

Nearly a decade of continual restraint has increased the importance of resource-related decisions and put a new premium on seeking greater value from the use of available resources.

The days of competing for part of an expanding pie are long gone. Funding new initiatives in most cases now means reassessing priorities with a ministry to see how existing resources can be reallocated. The implications for the working climate have been significant. The financial management function in ministries has grown in importance and is held in increasingly high regard in the system. Internal audit has become a management tool for the deputy and is gradually moving beyond probity and efficiency to questions of value for money.

Restraint has also increased the importance of negotiations with central agencies. It is far less of a game today; scarce resources have made the stakes very high in dealings with central agencies. This in turn has increased tensions between line ministries and central agencies and has sometimes worked against a sense of government-wide responsibility and commitment. If it is difficult to find resources within ministries to fund new initiatives, it is even more difficult to cut expenditures in the interests of the government as a whole. Yet this is exactly the difficult situation now facing deputy ministers: reconciling collective interests with those of their ministries. The decision-making pressures are to focus almost exclusively on the interests of the ministry, yet this is an unacceptable posture for a member of the government's management team.

Reducing the size of the civil service has created similar pressures in the human resources area. Workloads have grown, and now the performance of everyone counts. There is no longer any tolerance in the system for problem performers; there is no more room to shift them aside or be satisfied with less from them. As well, human resources development is seen in a new light. People need to be prepared to fulfil the demands the system will place on them and there is new recognition that continuing to improve the quality of services delivered to the public will depend in large part on increasing the capabilities of the human resources of government. Further, a sense is emerging that getting more out of people will require investing more in them.

Finally, restraint has diminished traditional rewards and motivators. In the past, promotions came faster and could be used to pay for performance. Resources for new initiatives were assigned to people on the fast track. Visibility often went hand in hand with the delivery of good news. These motivators have been significantly dampened in the system today and have not as yet been replaced.

Uncertainty is Certain

There is a well developed capacity within the working environment for living with uncertainty. The major signposts for direction remain: the Speech from the Throne, the Budget, speeches by the Premier and other ministers. But priorities can shift subtly and new expectations can be created without formal documentation or pronouncements. Senior civil servants take great pride in tracking the signals, discerning and internalizing their thrust,

and remaining current about the focus and direction of the government interest. Knowing where the government is going is concomitant with serving as a senior public official.

There is also full acceptance of ambiguity as a fact of life. For many ministries, conflicting and competing objectives must be reconciled continually. This may pit natural resource development against environmental goals or incarceration against rehabilitation. Such examples represent reality, and decision-making processes are not geared to seeking the right answer, but rather to making the best decision after competing considerations have been taken into account. However, the priorities, issues and people shift. The person sitting across the table today could be working alongside you tomorrow. As a result, working relationships are developed at a broader level and are expected to transcend the changing alliances of day-to-day negotiations.

Within the government there is full expectation of the unexpected. In the morning, you expect some sort of crisis in the afternoon. You do not know what it will be, but you do know that the crisis will be resolved and that tomorrow there will quite likely be another. Responsible government is premised on maintaining confidence in the government of the day; by its nature, this sets in motion a process of crisis identification and crisis resolution. It establishes the expectation for civil servants that there is no such thing as a secret. Each activity undertaken and decision made could be subject at some time to public scrutiny, whether in the Legislature or in the press.

The Short Term Dominates

Life in the senior ranks of the civil service has been described as a continuing proxy battle, a world in which tremendous energies are focused on the crises at hand. It follows that getting the job done and crisis management are strongly held values in the system and prerequisites for entry to the senior management ranks. It has also meant that obstacles or interference in resolving the pressing problems at hand are resisted. Thus, administrative policies or rules that impede getting the job done are sometimes ignored or creatively interpreted in the interests of a more immediate purpose.

For some, crisis management can be the motivational juice in the system. The tasks are highly visible, they give individuals the chance to show their capabilities, and they are often challenging and exciting. But they also demand time and energy and may require putting aside other responsibilities that will have to be picked up again later. Crisis management is a real strength of the system, and proposals aimed at changing current patterns of behaviour must deal with these strongly held values and deeply felt perceptions about how to get ahead, and recognize the value the system places on delivering under pressure.

Longer term management interests run counter to the present working climate. Regardless of the type of organization, short term emergencies will tend to drive out a long term focus. Within government, where such high stakes are attached to the short term, the challenge to longer term decision-making is even greater. This is not to say that long term interests will not be part of the system. The values associated with restraint are long term in nature and reveal the results of almost a decade of continuing attention to a major priority. Other long term initiatives can learn from this example: there cannot be too many at one time, they need the full support of the government, and they need to be reinforced for a long period for them to find their place within the system. Temporary initiatives mixed in with short term demands have only a remote chance of success.

The Focus is Pragmatic

A recurrent finding in our examination of the working environment is that the focus is on decisions, not on processes. Managers are indifferent toward the processes through which decisions are made. On the other hand, they have high regard for the quality of the decisions themselves. This pragmatism is reflected in the confidence attached to judgments made in the course of decision-making. Not unexpectedly, rules that run counter to such judgments are given little respect. Rule making processes that do not yield appropriate rules are similarly regarded. Judgment has a high currency in the executive group, and to be effective, administrative policies and decision-making processes must recognize this.

Another illustration of the pragmatic nature of the working environment is the way people get the information they need. Access is the value, and effective managers do not let form and structure get in the way. Senior

officials often bypass organizational levels to connect with the information source. Ministers often work directly with the individual who has the expertise or experience best suited to each particular task. This does not mean that structure is not important; it is, and it represents the usual way of doing business. But if information is needed or the right resources must be brought to bear on a task, structure gives way to the job at hand.

In some areas where ministries feel that central agency requests for information submissions are not crucial, it is not uncommon for forms to be filled out and detailed submissions made just to keep the central agencies off the backs of line ministries.

The working environment is also characterized by a solid degree of skepticism. The civil service has seen promises of administrative reform come and go in nearly all functional areas — but it remains committed to business as usual unless real benefit can be gained. Because informal systems are an integral part of the way this government works, changes in formal processes may not in fact get in the way of business as usual. In a pragmatic working environment, compliance does not always mean commitment.

Business Gets Done Through the Networks

For Ontario civil servants, working relationships are the key to personal effectiveness. As we have indicated, informal systems are crucial to the success of decision-making processes in this government. Similarly, throughout their careers in the civil service, executives have built the relationships and trust that are necessary to get things done quickly. In many cases these relationships have been forged by people working in the same organization or doing similar jobs in different ministries. To a lesser extent, they are encouraged by government training, which can provide a forum for network building.

In the Ontario civil service, person-to-person dealings take precedence over paper. The telephone is a frequent link, and if written communication can be avoided, it will be. Central agencies all require written submissions and sometimes are perceived because of this as having a penchant for detail and a built-in rigidity. Although it can be a strength in getting things done, dealing person-to-person can also run counter to the discipline of analysis and the rigour of written argumentation. Tensions naturally exist

when attempts are made to control a people-oriented system through paper-oriented requirements.

Networks also tend to develop their own views and language that may not square with reality. Everyone has a view on the Manual of Administration, but the prevailing view may not reflect the written words or the prevailing experience. There are varying opinions on how to deal with problem performers, yet they do not necessarily reflect the government's current approach. This is the language of this system, and it can have far more influence on behaviour than the rules themselves. Paper control does not mean effective control.

When the importance of networks grows, people supplant organizations. While a given function may be the responsibility of an organization, how it gets carried out — and its effect within the system — will depend on the person in the job. Unless that person is well entrenched in the informal networks of government, individual effectiveness will clearly be limited, and the function will be performed in a more limited way. Effectiveness also means breadth of networks and, as a result, the value of specialists is discounted at senior levels unless experience with across-the-system relationships has been gained.

Personal Initiative, Self-Motivation

While people pull together on tasks, the values are very different when it comes to careers. One manages one's own career. The manpower inventories are important, the development programs are well-intentioned, but a career cannot be left to chance. There is a strongly held view that visibility breeds success, that the chance to appear before ministers and senior officials can provide important career incentives. As well, mentors are an important part of career development, and senior people are likely to seek out those people for promotion who have served them well in the past.

The civil service in Ontario is one of job-based satisfaction and reward. People speak about satisfaction arising from a mix of factors, such as the service nature of the position, the complexity of the issues, the importance of the function, the people you work with. Such motivations are virtually the sole source of rewards. Money in the form of promotions or new initiatives is no longer a major motivator. Nor is the system one where recognition and thanks always follow a job well done. It is more likely

that such performance was expected and that only the shortfalls or failures will be mentioned.

INSTITUTIONAL VALUES

The working environment is fluid and frequently informal in its approach to making decisions and getting things done. The importance of people as individuals rather than functionaries cannot be emphasized too strongly. But this leaves the crucial question of what role the institutions play. We found that the institutional make-up of the government varies in terms of the certainty of roles and the predictability of function and approach. Four themes appear to capture these differences.

The Political Framework is Well Entrenched

In our review of accountability relationships, the most consistent and strongly held set of beliefs related the civil service's complete commitment to the service of the minister. Not unexpectedly, the policy advisory function is carried out to support the requirements and responsibilities of the minister; relationships on the administrative side of the portfolio are equally well established. Ministers are made aware of crucial organization and staffing decisions. The Estimates process requires the full involvement of the minister, and key administrative issues in the portfolio are also an expected part of his or her purview.

Senior managers serve the decision-making responsibilities of ministers and keep their own values to themselves. Advice may be rejected, but if a decision results from a fair hearing, then officials will not hesitate to implement it. From the minister's standpoint, roles will remain clearly defined if they stay out of administration. There is a widely shared feeling that their becoming involved in the management of the portfolio confuses accountability and is often dysfunctional. "Stay out of management" is the recurring advice from experienced ministers.

Ministerial responsibility is by far the best established institution in the government. Deputies understand fully what their responsibilities are and work with their ministers to build a relationship that delivers on them. Thus, the question of who is in charge is well understood and respected — the minister is. Deviations are viewed as anomalies peculiar to individual

incumbents or situations, not as challenges to established roles. Thus they reflect badly on the individuals but not the system in general.

Management Board's Activities are Less Institutionalized

As the oldest Cabinet committee, Management Board of Cabinet (formerly the Treasury Board) has a well developed set of expectations about its role in the Estimates process, expenditure management and manpower control. And, as for any collectivity of ministers, the decisions it makes depend on the prevailing expenditure environment and the particular interests of each minister. While these change over time, they are fairly well understood within the system at any point in time.

Such consistency in approach has not existed to the same degree in the management policy area. In this area, a variety of approaches have been tried to fulfil the responsibilities of the Board for improving management practices across government. Concurrent with such changes in approach have been differing expectations of government on the style of the Secretariat. At times the Secretariat has been expected to play an authoritarian role and more recently the expectation has shifted toward more of a cooperative role.

With such changes in style and approach over time it has been difficult to institutionalize a consistent operating style at the staff level. Relationships between ministries and central agencies vary depending on the staff officers. And, these relationships can change when the assigned officer changes.

In some cases, the Secretariat has undertaken its work with approaches that are at variance with some dominant values in the system. Management Board initiatives such as the Management Standards Project and the Managing by Results program have required extensive written documentation and the Secretariat has been seen to be involved in paper-intensive initiatives in a system that prefers personal contact. The process of overseeing and adapting the administrative rules has also been out of phase with the way the system works. Key administrative policies take up to two years to amend, while the system values much tighter decision-making time frames. There is also a feeling that perfect solutions are being sought when the best answer at any point in time is all that is required.

We are not proponents of institution for the sake of creating a tidy system. But, fluctuations in the style and approach of Management Board and its staff in the management policy area reduce its effectiveness. It is important now for the Secretariat to achieve greater consistency and continuity in its approach so that in the future the expectations about its role and place are fully understood and respected throughout the system.

It Can All Depend on the Deputy

Deputy ministers in Ontario cherish their tradition of managerial independence and autonomy. Central agency heads have government-wide responsibilities that may cause them from time to time to assume the role of first among equals, but for line deputies, "equal among equals" is the only acceptable arrangement. When it comes to managing a ministry, the personal style of the deputy has a significant effect on the nature and attitude of most organizations.

A deputy's managerial approach can vary considerably with the experience, competence, and level of interest in administering the portfolio. It must also take fully into account the priorities and interests of the minister. While recognizing this, there is still a substantial amount of individual initiative in managerial approach. In the recent shifts of deputies, some ministries took on new structures, staffs and approaches. Such was not the case for all ministries, however. In some of the larger organizations and those that had continuity of leadership, deputies seemed able to pass the system on to their successors with a minimum of disruption. New leaders could work within the system and focus on more limited changes. But for some ministries, a new deputy means major modifications, with all the uncertainty and anxiety that entails.

We hold no dogmatic view about the possibility — or even the desirability — of imposing a set of common expectations as to the way ministries should operate. There are many strengths in the current system, and periodic changes can contribute to its health and dynamism. It does, however, speak even more strongly to the need to stabilize the system in key areas. The expectations surrounding the role of the minister are one such anchor. The institutionalization of central agency roles is a necessary ingredient as well. Once this is accomplished, the working environment can support the appropriate controls and sustain the value of a deputy minister's managerial autonomy.

Civil Service Pride

A crucial feature of the institutional landscape is the civil service itself; here the common theme is a deep sense of pride in being a civil servant in the Government of Ontario. There is a strongly held belief that this is the finest civil service in the country. Examples are often cited where other jurisdictions, both in this country and outside, have looked to this province for lessons about the best practices. Ontario's civil service is widely recognized as advanced, innovative and pragmatic.

There is strong belief and pride in a neutral and professional civil service. Participants in our working groups suggested that neutrality was under attack from many sides, but bending to this pressure was soundly dismissed. There is recognition that the system is made up of good people who can and do succeed handsomely in positions outside the civil service. A feeling of professionalism is prevalent, and the desire to make the civil service better is strongly held.

THE VALUES AND THEIR IMPLICATIONS

The working environment in the Ontario Government is sound and healthy and is built around some strongly held values. It is also apparent that achieving appropriate management control will require a change in emphasis and a reorientation around some of these values. We have placed great emphasis and added expectations on deputy ministers in many of the proposals we have made. The implementation of proposed changes will require the agreement, full support and commitment of deputy ministers. This applies equally to the accountability system, administrative practices, the personnel area and the working climate.

We recommend that

6.1 The deputy ministers take the lead in communicating and reinforcing accepted government-wide values in the working climate.

To take advantage of the strengths of the system, and because it is dominated by the short term, change must be limited and highly selective.

There is no one prescription. A variety of approaches will be necessary. In the appendix we set forth in a general way what some of these considerations might be.

APPENDIX TO PAPER 6

CONSIDERATIONS IN CHANGING VALUES

WORKING ENVIRONMENT PRESSURE POINTS	DESIRED VALUE DIRECTION	POSSIBLE COURSES OF ACTION
1. Tougher to be a player government-wide	Government-wide interest is dominant value	. Government imperative reinforced by Premier and Cabinet . Full and more frequent contextual briefing of the executive category by senior officials . Reinforce values through training . Greater use of high-quality forums . Greater rewards for government-wide initiatives by individuals
2. Getting the job done may require getting around the rules	Push the rules but play within them	. Government message on compliance . Simplify the Manual . Speed up the rule-changing process . Address the underlying values through training
3. Prevailing wisdom and established policy do not always coincide	Understand firsthand what the administrative policies are	. Clear key administrative policies through Deputy Ministers Council . Achieve a consistent view among senior administrative personnel . Make administrative policy part of the early training of managers . Expect career paths to include staff assignments

WORKING ENVIRONMENT PRESSURE POINTS	DESIRED VALUE DIRECTION	POSSIBLE COURSES OF ACTION
4. Person-to-person takes precedence over paper	Person-to-person supported by completed staff work	. Continue the purge on paper and make its use symbolize importance . Continually advance the central agency standard for a consistent level of high-quality staff work . Build respect but encourage constructive tension
5. Compliance is not commitment	Compliance is commitment	. Trim the administrative policy agenda regularly . Put responsibility for problem resolution in line ministries . Provide forums for issue resolution . Ensure matters on which compliance is demanded are crucial to good management
6. People supplant organizations	Institutional continuity is important too	. Evolve sustained central agency roles that are based on a consistent and short list of fundamental requirements . Stress communication of these roles in government training . Train the Ontario way of management into future executives . Continue to encourage individuality and initiative
7. Traditional motivators are being curtailed	Motivation remains crucial to individual and organizational effectiveness	. Government message on importance of human resources development

WORKING ENVIRONMENT PRESSURE POINTS	DESIRED VALUE DIRECTION	POSSIBLE COURSES OF ACTION
		. Introduce into the informal system consistent recognition of the need for positive reinforcement . Encourage open and constructive discussion in appraisal process . Talk about career development and follow up with action . Ensure that visibility is widely shared . Resolve the problem issues responsively
8. Short term dominates	Selective long term management initiatives must be carried out	. Severely limit the number of long term management initiatives . Protect the initiatives from inclusion in short term activities . Focus on success and promote the record . Use value-based training to limit the need for and to reinforce central initiatives

7. THE DEVELOPMENT OF SENIOR PERSONNEL

Fundamental to the success of ministries and the government in achieving their goals and objectives is the selection and development of people occupying senior positions in the civil service. As we have seen, the Ontario civil service is a system oriented toward people; formal structures and systems often take a back seat to personal networks and established working relationships. The pressures of restraint on the Ontario system have placed a new premium on managing human resources effectively. It is no longer possible to move someone aside or accept less than a full effort. Everyone counts, and more and more is being demanded from what we have seen to be a steadily declining number of civil servants.

The nature of the working environment and the long-term importance of human resources to the system combine to heighten the importance of human resource development and increase the attention that is paid to it. The appendix to this background paper outlines the existing framework of roles and responsibilities for managing senior personnel in the government. This paper presents proposals to give new emphasis to the government-wide development of people for the executive roles in government, and supporting measures to strengthen human resource development throughout the system.

PRESENT RESPONSIBILITIES FOR SENIOR PERSONNEL MANAGEMENT

The present allocation and definition of roles and responsibilities for managing human resources, including senior personnel, are basically sound. They establish an appropriate balance between government-wide responsibilities and authorities and those of individual ministries. They recognize that for deputy ministers to be accountable for the performance of their ministries, they need the authority to manage their people -- to promote, to develop, and to deal with performance problems. They also recognize that for the government interest in human resources development to be met, deputies must play a primary role and balance collective and ministry responsibilities in the management of senior personnel. Collective responsibility for adherence to the merit principle and for a consistent government-wide approach to classification, compensation, staff relations, organization, and due process in the personnel field is also appropriately positioned within the system.

INCREASING THE GOVERNMENT'S COMMITMENT TO EXECUTIVE DEVELOPMENT

On the surface, the responsibilities and structural arrangements described in the appendix represent more than a sufficient commitment on the part of government to the important challenge of executive development. A significant effort has been made to develop the basic framework for senior personnel management. Moreover, our interviews with senior officials indicated that good individual decisions are made -- the right people generally get promoted to the right executive positions.

In our view, the present system provides a sound base for the next important steps in the development of senior executives. Our proposals are aimed at moving the system beyond good individual decisions toward better human resources planning and a strengthened approach to executive development. The commitment may well have been adequate in the past, but we believe that maintaining the strength of the Ontario civil service will require an even greater sense of government commitment, accompanied by stronger development efforts.

We therefore recommend that

7.1 **The government-wide commitment to executive planning and development be intensified, and deputy ministers have the prime role in carrying out the executive planning and development program.**

Our concern centres on the ability of the system to replenish itself. The entry of new people to the system has been severely constrained for a decade. At the same time, there is a recognition within the system that sufficient government-wide human resources planning has not been taking place. Those who have the potential to progress to senior positions may not be identified within the present system. These limitations are felt in the executive ranks, where no strong sense of career planning and development exists. In fact, a strongly held belief in the system is that you must manage your own career.

It is unlikely that the government will ever again see the massive influx of highly talented people that it saw in the 1960s and early 1970s. New entry is not the answer to continuing to produce the high-quality executives the system demands and deserves. The challenge lies in working with the

individuals that are part of government today. However, this will require an intensified commitment to all aspects of human resources planning. Today there is a strong base from which to build, but tomorrow's requirements demand more active exploitation of the structure and processes already in place. Our proposals therefore focus on the next steps in implementing human resources planning: extending the government message, modifying the committee process, and refocusing the role of the Civil Service Commission.

Extending the Government Message

In our meetings with deputy ministers we were impressed by the fact that they often referred to the Premier's consistent and appreciative recognition of the importance and competence of Ontario's civil service. This message is reinforced frequently by Cabinet members in their public references to the civil service. Individual accomplishments are recognized, and the deputy minister community is given a real sense of the responsibility it bears and the degree to which the system depends on their continued outstanding performance. No system could ask for a more meaningful message from the top. This has not always been a politically popular message to deliver. But a quality civil service depends on the continuing support of its political masters, and in Ontario this has been rendered in full.

This message must continue to be delivered as consistently as it has in the past. Further, it must become a message that is shared throughout the civil service and that symbolizes for the future an even greater commitment to human resources development.

Government-wide Human Resources Development

The changes we propose for the Senior Appointments Advisory Committee (SAAC) and sub-SAAC structure have two underlying intentions. The first is to shift the focus from individual executive appointments to government human resources planning. The second is to place responsibility for human resources planning and implementation on the deputy minister. In effect we are looking to the deputy to fulfil both collective and ministry responsibilities in the senior personnel area. While this may already be the expectation, the proposals that follow go a long way toward translating these expectations into day-to-day actions.

At present, the Senior Appointments Advisory Committee is concerned with good senior executive appointments. A scan of SAAC's agenda over several meetings indicates that its orientation is toward reviewing individual executive staffing actions. The Committee has had difficulty finding time to address longer term matters such as determining alternative career paths for executives showing high potential. As a result, the leadership necessary to persuade other deputies to participate actively in government human resources planning has not been sufficient.

The SAAC structure works to ensure that government and individual ministry interests in the management of senior personnel are balanced. However, it is not in a position to oversee the career development of 560 executives and 1,200 managers with executive potential, nor can it be expected to do so.

We recommend that

7.2 The Senior Appointments Advisory Committee provide government-wide leadership to the career management of present and potential executives.

We recognize the added responsibility our recommendation would place on the members of SAAC. For this reason we would suggest that SAAC concentrate its attention on the development needs of twenty per cent of the ECP4 and ECP5 categories each year. This will require identifying and selecting about thirty individuals for developmental assignment. Further, the individuals that are the focus of the planning exercise would change from year to year. For some individuals, the next stage of development would be two or three years down the road, and they would not be part of the active planning process again until they had proved they were ready for the next step. SAAC would deal with both promotions and career capping.

Our proposals are not aimed at developing a list of high flyers with a preordained future. Rather, we suggest that the annual career development agenda should see considerable entry and exit of individuals each year. We believe that outstanding fulfilment of an assignment should be the basis for reappearing on the career planning agenda. In time, many of the senior executives should be considered for developmental moves. As a result, SAAC members will be able to develop well-documented views on the performance and potential of most of the senior group.

SAAC must also address the course of action to be taken with problem performers. If twenty per cent of the senior category constitutes SAAC's development agenda each year, we feel that about ten per cent of the ECP4 and ECP5 groups should be reviewed annually in relation to specific performance concerns. It is a fact of life in this system, as in any large organization, that at any point in time some of the people will be performing below expectations. Our findings within the civil service indicate that problem performers are a serious concern and that in many instances appropriate action is not being taken. Leadership in this area must come from SAAC with the support of the Civil Service Commission, and deputies must be encouraged and supported in carrying out this responsibility, which is legally assigned to them under the Public Service Act.

The success of the approach outlined relies heavily on the adequacy of the performance assessments that deputies make. Current experience in the system suggests that the quality of assessment varies across ministries. As a result, SAAC should be prepared to return the individual to the sponsoring deputy if the original assessment is not borne out in the development assignment.

Senior Appointments Advisory Subcommittees

Increasing the attention that SAAC devotes to human resources development will place far greater demands on deputy ministers to deliver what SAAC requires. Up to now, some effort has been invested in looking to the policy field structure to support SAAC in human resources planning at the ECP1, ECP2 and ECP3 levels. However, for a number of reasons, principally the fact that human resources planning has not been accorded the priority it deserves, the subcommittee structure has not had the effect intended. But this does not change the fact that the government interest in senior personnel management demands the full involvement of deputy ministers.

We propose that the current subcommittee structure based on the three policy fields be modified to create three separate committees responsible for human resources planning relating to the ECP1, ECP2, and ECP3 levels. The modification would include creating committees of similar size — each with eight or nine deputies from operating ministries and the central agencies on the committees. This will provide for a balanced workload for deputies and better interchange between ministries and the central agencies. While much

of the policy field linkages would continue through the membership of the committees, we do not see them as an extension of the policy fields, but rather subcommittees of SAAC that are concerned with human resources planning and development.

We therefore recommend that

7.3 Three subcommittees of SAAC be established to carry out human resources planning and development at the ECP3, ECP2, ECP1, and ECP entry levels. These committees should be called Senior Personnel Development Committees.

The functions of the proposed Senior Personnel Development Committees should parallel those of SAAC, although they would deal with employees at a different level:

- advising on appointments to all positions at the ECP3, 2 and 1 levels;
- designating the twenty per cent of the executive population that is to be part of the human resources planning agenda of the Committee;
- determining the development requirements and implementing the development actions for each individual on the agenda; and
- designating and taking action on problem performance. Again, this group should be confined to ten per cent of the relevant executive population.

While the function and approach of SAAC and the Senior Personnel Development Committees are to be the same, they also vary in two important ways: the scope of the Senior Personnel Development Committees extends to those individuals below the director level that have executive potential; and the Senior Personnel Development Committees have a reporting and accountability relationship to SAAC.

We have suggested that the purview of the Senior Personnel Development Committees extend to levels below the ECP category. Developmental moves at these levels help individuals to build a case for advancement. They can

help overcome inadequate technical or functional specialization. They expose individuals to different management styles and build a constituency of potential sponsors. They provide crucial visibility within the system. Finally, managers can establish links to new networks and achieve greater operational effectiveness as their exposure increases. Indeed, the levels below director offer sound development opportunities and, in practice, moves at that level are more likely to take place. The risks associated with each move are somewhat smaller, enabling deputies to pursue their government-wide responsibilities more aggressively.

Deputies should expect their senior human resources people to initiate a process for identifying and developing potential candidates below the ECP level similar to that followed by the Senior Personnel Development Committees for more senior employees. This would involve identifying candidates with executive potential, gaining agreement on the preferred development options, and putting together implementation plans that will yield the desired actions.

We therefore recommend that

7.4 **The senior human resources people in ministries serve as staff support to the Senior Personnel Development Committees, with particular responsibility for implementing development plans at the ECP entry level.**

Both SAAC and the Senior Personnel Development Committees should expect a reporting and subsequent accounting for human resources development plans and actions. SAAC should sign off the Committees' plans and subsequently discuss implementation results and assess performance against the plans. Similarly, the Committees should sign off the plans for the ECP entry candidates and seek an accounting from the senior human resources people on implementation and results.

The Senior Personnel Development Committees represent an opportunity to go beyond the interests of individual ministries in making staffing decisions. Focused on employees at the director and director-entry levels, these Committees are well positioned to bring about developmental moves that will ultimately benefit the whole system. The benefits to the government, and the advantages for potential executives, are obvious. For deputies, the case is not as straightforward. Deputies must be ready to accept

individuals they do not know and to engage in swaps and other creative developmental arrangements. Larger ministries must provide developmental opportunities for the high potential personnel of smaller ministries.

Senior Personnel Management in Ministries

A number of ministries have well-established and successful human resources development programs. Our proposals for human resources development government-wide draw on the best practices and experiences within these ministries and are intended to complement their approach. Ministries such as Corrections, Natural Resources, and Transportation and Communications, to name just a few, devote a great deal of attention to the careers of their people and spend the time needed to identify their development needs and initiate plans and actions to develop their potential.

The picture across ministries is by no means consistent. Some ministries, because of newness, smaller size or their management history, are not as far advanced in the institutionalization of human resources planning and development. However, with the implementation of our recommendations on human resources development, there will be a far greater need for compatibility and integration between the government-wide and ministry approaches. Of equal importance will be the corresponding need for all ministries to move toward the standard of quality exhibited by the leading ministries. Without a strong ministry human resources capability, a deputy minister will not be able to meet effectively the collective human resources demands.

We do not propose to suggest what the human resources planning and development approach in any ministry should look like. Good examples exist, and those who need to upgrade their approach should look to the experience already in the system. Certain characteristics are common to the leading approaches:

- the complete support and effective involvement of the deputy minister;

- responsibility for human resources planning and development assigned to a senior member of the management team;

- some form of human resources committee, either chaired by the deputy or reporting regularly to the deputy and chaired by the senior human resources person;

- committee secretariat functions carried out by the personnel branch of the ministry;

- executive panels that meet with ministry staff and assess their development needs;

- individual development and succession plans; and

- commitment and follow-through on implementation.

Refocusing the Senior Personnel Function of the Civil Service Commission

Our proposals are intended to assign responsibility for government-wide human resources planning and development to deputy ministers. Our discussions with deputy ministers reassure us that they are not only prepared to take on this responsibility but are eager to do so. The need to take action in the senior personnel area is recognized fully, and the recommended committee structure is designed to capture and give direction and follow-through to this commitment.

We believe that the proposed human resources committee structure will also create a very demanding client for the Civil Service Commission. The Commission will need to provide a supporting service function to these Committees. This will require a shift in emphasis from the way the Commission has carried out its role with respect to senior personnel in the past. Without a strong demand for its services, the Commission has tended to carry out much of the function itself to ensure that it gets done. As a result, Commission staff have endeavoured to link the government interest in human resources development to the staffing process. But without a broader context for their efforts, and without the essential involvement of deputies, ministries have not supported the Commission's efforts.

The Commission has also positioned itself as the central repository for human resources information. While this will continue to be the case in the future, there will have to be a crucial transfer of "ownership" of the information from the Commission to deputy ministers. In future, the

Commission will have to be seen as the central location for the information deputy ministers need, rather than an organization that collects information for its own purposes, purposes that are often not understood by those providing the information. In a somewhat different context, the Commission cannot be seen as the agency where the unpleasant decisions are made. Again, these are the responsibility of deputies and cannot be ignored or transferred. The Commission should play a supportive and highly competent advisory role.

We therefore recommend that

7.5 The Civil Service Commission play a service and advisory role in support of the government-wide responsibility of deputy ministers for senior personnel planning and development.

The basic shift in the way the Commission carries out its senior personnel responsibilities will in no way lessen its involvement. In fact, we expect the demand for service to grow considerably in terms of both the level and the diversity of expertise required. Some of the major tasks we see being carried out by the Commission include the following:

- Providing the secretariat to SAAC, as at present

  In addition to its present focus on appointments, it will in future need to provide staff support to the human resources planning and development process. With respect to SAAC, there will be particular interest in keeping its ECP5 and ECP4 development agenda and providing SAAC with the information they define and need to ensure the individual plans are implemented. The secretariat will also have to provide the staff link between SAAC and the Senior Personnel Development Committees. SAAC will need to remain apprised of the development plans and implementation results of these committees, and the secretariat can provide this connection. SAAC will also have to encourage opportunities for cross-committee development moves. No one should expect, or even worse pursue, a master plan. At best, the Commission's involvement with the development committees should lead to greater awareness of where the needs and opportunities lie. It

should also put the appropriate players together so that essential development actions can be agreed to.

- Providing staff support to the Senior Personnel Development Committees

The secretariat functions have been described for SAAC; a similar role will be necessary for the development committees. The staff support role we envisage is that of a highly competent human resources adviser. Such an adviser will also have to be seen to be adding value to the committees' development tasks. This will mean both sound staff work and the application of expertise to help the committees solve the problems they encounter.

We see no need for the human resources staff person to be drawn from the professional personnel community. This position itself could be one of the key development opportunities in the system and a logical step for a senior program executive to take along the career path leading to top management. In any case, it should be a two-year term position, and the government's interest will be served if individuals move through the position on a regular basis.

- Providing human resources planning counsel to individual deputy ministers

Deputies may require special expertise and seek counsel as they work to improve the human resources planning and development capabilities of their ministries. We recognize that counsel will be needed unevenly across ministries. Some ministries already have the capability in place now; some deputies already have the background and expertise. Nonetheless, the need exists, and an important extension of the role of human resources advisers is to make their capabilities available to deputies as required.

- Working to strengthen the personnel function across government

We expect that our proposals will challenge those delivering personnel functions to work at new levels in the organization and, in many cases, on new types of issues. The personnel function is seen now to have limitations and suffers from being a career backwater. Moreover, any action personnel officers of the Commission take to strengthen the function only rekindles the historical dilemma about where loyalty is owed -- to the ministry or to the Commission. As a first step, the senior personnel position within ministries must be integrated into the mainstream career system. It can no longer be, or be seen to be, a terminal position. This in turn means that the policy bias in the position classification system will have to be dealt with. While this bias is part of a broader issue, it lies squarely in the way of implementing proposals to strengthen management, whether program, financial, administrative or personnel management. Civil servants will be wary of pursuing positions in areas where they may damage their career prospects.

We recommend that

7.6 **The factors that apply to the Executive Compensation Plan, as well as their weighting, be revised in such a way as to integrate senior staff positions into career paths where the potential for advancement is not limited as at present.**

The Commission will also need to address all available means to continue to strengthen the personnel function. It should exert influence through the staffing process to ensure that good candidates are identified and that candidates from a variety of backgrounds are considered in making senior appointments. It should ensure that employees with high potential are part of the broader senior personnel development process. And, it should spend the time necessary to train line managers in their responsibilities and in the ways they can use the staff functions.

TAKING THE NECESSARY SUPPORTING ACTIONS

Concurrent with our study of management and accountability, reports have been prepared by several committees in the human resources area: the Senior Manpower Planning Inventory Committee, the Selection Process Review Committee, and the Executive Education Committee. The recommendations of these committees, each of which was chaired by a deputy minister, go a long way toward strengthening the approach to senior personnel management within the government. We commend these committees and urge the implementation of their recommendations, particularly the following:

- bring the Senior Manpower Inventory up to date and improve the quality of the information;

- revise the rating system and the structure of the executive potential lists so that the focus is on those individuals with high potential;

- keep individuals informed as to whether they are part of the inventory and the reasons why they are not if that is the case;

- simplify the information forms and review the need for the Executive Skills Profile;

- maintain a continuing review of executive education to ensure that the real development needs are being met by the training opportunities; and

- revise the Orientation Program to make greater use of case studies, simulation exercises, role-playing exercises, and on-site experiences.

In this section we propose four additional steps to support a sound senior personnel development approach: requiring performance appraisals, dealing with problem performers, recruiting at the management entry level, and government value training.

Requiring Performance Appraisals

We make no pretence about the difficulty of doing performance appraisals. They require agreement on what constitutes performance and they demand honest and open communication about successes as well as weaknesses or limitations. For many managers, performance appraisals are one of the most difficult aspects of management; for too many this makes it a task that does not get done.

Not surprisingly, we discovered some unevenness in completing performance appraisals in the civil service. For a number of the executives we met, it had been some time since they had had their last performance appraisal. Where they are not being carried out, there is a fairly common language to describe why not:

- A lack of motivation. There are no perceived rewards for carrying out high-quality performance appraisals, and there are no penalties for not carrying them out.

- A reluctance to deliver unfavourable messages. Deputies and executives are naturally reluctant to criticize the performance of their subordinates. Many believe that negative comments will not be taken as constructive criticism. There is a reluctance by some to commit criticisms to paper for fear that such comments will be misused by others who have access to such records. It is also recognized that an individual with an unsatisfactory record is difficult to move. To some managers, the solution lies in transferring or promoting a problem performer. An unsatisfactory performance appraisal stands in the way of such action.

- No need. Many executives feel that they are continually receiving and giving performance feedback. As a result, formal appraisals are unnecessary.

We recognize the policy is clear that performance appraisals must be done. But we are concerned about the implementation of the policy, and the real need for performance appraisal as an integral part of the management process.

Efforts to enhance the use and quality of performance appraisals must begin with the deputy. Deputies have the responsibility to ensure that all executives have a clear set of performance goals, goals that can be expressed in terms of results, and that progress toward achieving these goals is tracked. The process needs to be seen as constructive, where supervisors and subordinates are encouraged to discuss performance issues openly and frankly and to work together to resolve them. To be sure, the delivery of tough messages is rarely easy — yet the long term consequences of withholding them present even larger difficulties. Our proposals are intended to place management policy as an overriding value in the push to get things done. Without a consistent and comprehensive approach to performance appraisal, the communication of essential values in the system will be impeded. Individuals need to know that the strengths and limitations in their performance will have a significant bearing on their career prospects. Greater emphasis on working within appropriate management policies must be made real through the appraisal. Without such a vital inclusion, a key in the line management process, the basic change in attitude we are seeking will be more difficult to achieve.

We therefore recommend that

7.7 Performance appraisal as a required practice across the civil service be fully implemented at all levels and serve to underscore desired values and performance expectations.

Documentation of performance appraisals should be kept within ministries and should not be available routinely to the government-wide human resources planning process. At the same time, the success of the proposals we have made relies on a strong and consistent approach to performance appraisal. An employee's career development must be planned, performance must be understood and assessed, and employee and supervisor must agree on realistic expectations. Without such an approach to performance appraisal, the process runs the risk of missing potential candidates and directing its efforts in unproductive ways. We conclude that regular and rigorous performance appraisals are essential.

Performance appraisal in the Ontario working environment will have to overcome a strong tendency in the system to expect employees to do a good job, and to give out signals only when problems appear. Many executives complain about the lack of praise from their superiors. Such complaints are

made even by those who have advanced rapidly through the system. Generally, the prevailing attitude is that no news is good news -- executives hear about their mistakes, not their successes. Specific instances where a deputy or a minister has expressed appreciation to a civil servant for a particular accomplishment tend to be remembered for a long time.

Obviously, we cannot decree that managers must praise their employees more often. But supervisors can become more sensitive to the importance of praise by following the performance appraisal policies in place more conscientiously and paying greater attention to the information they supply to the Senior Management Planning Inventory. In times of constraint and a shrinking system, there are limited opportunities for rewarding good performance. It is time to move motivation back into the line and to shift the culture toward full and open recognition for jobs well done. Proper performance appraisals will move the system part way toward this goal. Senior management must show the way by giving positive reinforcement its due.

Dealing with Performance Problems

Restraint has made the effective performance of everyone more crucial and it is becoming more and more important to deal effectively with performance problems, especially at the managerial level.

Many performance problems have their origins in the system or environment and are not necessarily a reflection on the individual. For example, clear performance expectations may not have been shared, feedback on performance may not have been communicated, or some people many not be coping well with the direction and pace of change. Technical managers who have served well in the past now face a shrinking demand for their skills and a growing need to take on new functions.

In other cases, people were promoted beyond their capabilities in a rapidly expanding civil service. As well, some performance problems are just that -- a lack of demonstrated ability to do the job. These kinds of situations need a commitment to action ranging from open and frank discussion, through retraining and new job assignments, to flexible arrangements which permit deputies to work out performance problems in order to staff the managerial positions with the most capable talent available.

Many deputies feel present policies are adequate guides, but even more seek new answers. A common approach must be found; it should allow civil servants to prepare themselves for new challenges, and provide a means to deal with those who cannot adapt.

We therefore recommend that

7.8 The Civil Service Commission gain agreement on a program to deal with all aspects of performance problems.

Recruiting at the Management Entry Level

The gradual process of retrenchment in the civil service has restricted entry to the system. This is understandable — how can you bring in new people when you are reducing the size of the civil service and are having trouble placing those caught in the squeeze?

In our view, the government should address the need for new entry of people with executive potential. Quite apart from the need for youth employment opportunities, the civil service should be representative of the society it serves. In short, it cannot skip a generation. This requires the continuing entry of individuals who may some day become part of the senior personnel cadre.

Meeting the conflicting objectives of restraint and renewal at the same time is difficult enough; finding the right way to provide for new entry is even more troublesome. One approach is to revive the administrative trainee program of the Civil Service Commission. Under this program, university graduates were brought into the civil service under the sponsorship of the Commission and moved through the system to gain exposure and experience over a limited period of time. Deputies worry that there may be no openings for today's administrative trainees when the time comes and that implicit promises will not be met. Another alternative is to sponsor a limited number of new entries for each Senior Personnel Development Committee and let these committees work out their placement for a period of two years.

We recommend that

7.9 A limited number of management trainees be recruited into the civil service each year.

Government Values and Training

Enhancing administrative control within government is analogous to the challenge facing North American corporations in responding to the competitive pressures of the international economy. One of the important lessons that North American companies have learned is that the most costly and least effective way to achieve quality is to try to build it in at the end of the production process. The new approach is to build in quality throughout the process and to resolve quality problems at the earliest possible stage. In effect, do not add value to a product or process that you will have to reject in the end -- it is both costly and senseless.

The development of human resources in the civil service has many parallels. Two examples make the point. In the administrative policy area, written proscriptions abound and detailed controls are in place to ensure that rules are documented and readily available to keep everyone on track. The controls are complete and detailed and the documentation is extensive. But the value system is such that if you have to bend or creatively interpret the rules to get the job done, this can be explained. Another value that is strongly held is not to be co-opted by sophisticated and persuasive interest groups. In this case, the documentation is sparse and the rules are not written. But the value is still clear and strongly held: do not get captured by interest groups. The system eschews and rejects those that do.

Our conclusion is that within the working environment of the Ontario civil service, meaningful control must be an integral part of the value system and that, to achieve the desired control, the values in the system must be supportive. Thus, while we endorse the recommendations of the Executive Education Committee, we go one step further and suggest that government training place major emphasis on reinforcing desired values.

We therefore recommend that

7.10 Government-wide training be better utilized to reinforce the desired values in the working climate and to build working relationships that are important to executive effectiveness.

There are several implications to this proposal:

- Government training should be a continuing requirement for all ECP or potential ECP personnel. While we have suggested a limited development agenda for any given year, we feel equally strongly that executive training should include all leaders and potential leaders of the civil service. The fact that they occupy these positions means they must be continually exposed to government-wide training. Differential or one-shot approaches to training are not acceptable.

- Training should also use a residential approach to the degree possible. We have referred frequently to the importance of networks in the Ontario system and to their significance for an individual's effectiveness. Network development should be encouraged at the earliest possible point in a career. Residential training is one of the most valuable ways of enhancing this process and encouraging the development of cross-ministry relationships. If training does nothing more than facilitate the development of networks, it can claim success.

- Training should follow its current course of responding to the needs of personnel at the entry, intermediate and senior levels. Ontario's approach is practised in many organizations and represents the best method in today's management environment. At this time, participation can be mixed across levels. As an all-inclusive approach to training is developed, progression through the levels should be expected.

Within the design of the training programs there should be a clear reflection of the values and management priorities of the government. There should also be a means of assessing the results of this training in relation to these government imperatives.

We therefore recommend that

7.11 The responsibility for the design and evaluation of the government-wide training program be assigned to a training committee made up of the Secretary of Management Board, the Chairman of the Civil Service Commission and the Chairmen of the Senior Personnel Development Committees.

APPENDIX TO PAPER 7

PRESENT RESPONSIBILITIES FOR SENIOR PERSONNEL MANAGEMENT

CENTRAL AGENCY RESPONSIBILITIES

The Civil Service Commission consists of a full-time Chairman and part-time commissioners: six deputy ministers and a private citizen.

The Commission is responsible to a minister designated by the Lieutenant Governor in Council for the administration of the Public Service Act. The minister is the Chairman of Management Board of Cabinet.

The Public Service Act gives the Commission the authority to establish personnel policies. Under the Act the Commission is responsible for the classification of positions, recruitment of qualified persons, recommendation of salaries, the provision of staff development and the assignment of persons to positions in the classified service. In keeping with government policy, those matters having financial implications are submitted to Management Board.

Subject to the approval of the Lieutenant Governor in Council, and providing there is no conflict with the provisions of a collective agreement, the Commission may make regulations in all areas of personnel management, employee benefits and disciplinary action. The Commission may also delegate to a deputy minister any of its authorities and responsibilities related to recruitment and classification.

Management Board, in administering its Act, has the authority and responsibility to approve changes in organizational structure within the ministries. Its focus is on positions, while the Commission's is on individual people.

DEPUTY MINISTER RESPONSIBILITIES

Deputies are assigned broad responsibilities and authorities under the Public Service Act (PSA):

- Appointments. Where a vacancy exists in the classified service, the deputy in that ministry nominates a person from

the Civil Service Commission's eligibility list to fill the position on a probationary basis. The Commission is obligated to appoint the deputy's nominee for a probationary period of no more than one year, with the possibility of a further extension at the end of this period. After this a person can be appointed to the regular staff if, and only if, the deputy requests the Commission to recommend the appointment to the Lieutenant Governor in Council.

- Transfers. The deputy may request that the Commission transfer an individual from one position to another within a ministry. The deputy may also request that an individual be transferred from a position in another ministry to a position in his ministry. The Commission has the final approval authority for such transfers, but only the deputy can initiate the transfer process.

- Staff development. The deputy has the responsibility and authority to plan and provide for ministry staff development programs. Individuals are assigned to programs and courses by the deputy. Regulations under the PSA give the deputy the authority to grant time off and provide tuition and expenses. The Commission assists in and coordinates staff development programs, but the deputy is not required to use them.

- Discipline. The deputy is assigned authority under the PSA to discipline or dismiss for cause an employee within the ministry after a hearing held by the deputy or a delegate. Employees have the right to grieve a dismissal before a board constituted for that purpose.

- Delegation of deputy's authorities. With the consent of the minister, the deputy may delegate any of his or her powers and duties under the PSA to a civil servant in the ministry.

MINISTRY PERSONNEL MANAGEMENT

The Commission has delegated to deputy ministers responsibility and authority for the recruitment and classification of all but the approximately six hundred executives in the government. Deputies in turn

have delegated these responsibilities and authorities, as well as those given directly to them in the PSA, to line managers and ministry personnel officers. The Commission provides a detailed set of policies in Volume 2 of the Manual of Administration within which ministry staff must carry out the personnel function.

The Personnel Branch of a ministry is typically headed by a director reporting to the executive director or assistant deputy minister of finance and administration. The branch works mainly in an advisory capacity to line managers, who have primary responsibility for personnel matters within their units. The branch is responsible for ministry personnel policies and procedures, applying appropriate classification and compensation levels for all ministry employees, staff recruitment, employee counselling, and investigating employee grievances. The branch also maintains the ministry's personnel and employee benefits records. It provides liaison between the ministry and the Civil Service Commission and the Ontario Public Service Employees Union. In large ministries the branch is decentralized to provide personnel services to all offices of the ministry throughout the province.

Managers are responsible for guiding the performance of employees under their supervision. Managers are expected to work with their subordinates in developing an understanding of organizational objectives, setting individual performance goals, obtaining the necessary skills through training and development, and assessing performance.

Personnel branches and the Commission provide managers with staff support services, such as performance appraisal documentation and processes, training and development courses, career counselling, and advertising for vacancies.

GOVERNMENT-WIDE PERSONNEL MANAGEMENT

The government-wide personnel management interest encompasses individuals in the Executive Compensation Plan (directors, executive directors, executive coordinators, general managers or assistant deputy ministers) and above the AM17 level (managers just below the ECP level). The Chairman of the Civil Service Commission maintains authority over these positions and individuals by withholding delegation of recruitment and classification authorities, as well as the authority for transfers.

A Senior Appointments Advisory Committee (SAAC) has been established to provide advice on policies, plans and decisions affecting the executive group. The Committee is made up of

- the Deputy Minister to the Premier (co-chairman of the Committee);
- the Chairman of the Civil Service Commission (co-chairman of the Committee);
- the Secretary of Management Board;
- the Deputy Minister of Treasury and Economics;
- the Deputy Secretaries for the three policy field committees of Cabinet; and
- three deputy ministers on a rotational basis, one from each human resources planning subcommittee.

The membership and functions of SAAC put in place the strategic leadership necessary to give appropriate direction and effective guidance to decisions affecting the senior personnel ranks in government. Its activities include providing advice to

- the Premier, upon request, on the suitability of candidates for deputy minister or equivalent positions;
- the Chairman of the Civil Service Commission on compensation matters for deputies and members of the ECP;
- the Chairman of the Civil Service Commission on specific appointments to ECP4 and 5 positions;
- the Chairman of Management Board on proposed reorganizations in ministries affecting individuals in the ECP category; and
- deputy ministers on their fulfilment of the government-wide responsibility for the development of senior executives.

Three human resources planning subcommittees, headed by the deputy provincial secretaries and composed of the deputies from the relevant policy fields, were established to assist the Chairman of the Civil Service Commission in identifying executives ready for promotion or developmental assignments, reviewing assessments of executives, and implementing executive development programs. As we discuss in paper 7, the intent of these subcommittees is yet to be fully realized.

The office of Senior Appointments and Compensation serves as staff for SAAC and the senior appointments process. It maintains the Senior Manpower Planning Inventory and provides candidate lists to deputies when they are staffing senior positions. Career information, an assessment of skills, and a rating of future potential are kept on file by the office for each individual in the inventory of executives and potential executives. This information is provided by each individual's deputy. The office also provides a training and development program for executives.

While authority for managing executive personnel rests with the Chairman of the Civil Service Commission, in practice deputies are major players in the management of executive careers. They initiate recommendations on the design of the executive structure within their ministries and on selection criteria for filling vacancies. They have the responsibility to ensure that performance appraisals for executives, as well as all other staff in their ministries, are kept current. They assist executives in determining realistic career goals and in achieving those goals by identifying development opportunities and recommending executives for transfer, secondment or participation in training programs. In filling vacancies, deputies or their delegates chair selection boards for positions in their ministries and recommend candidates for positions. Deputies have a responsibility to ensure that information in the Senior Manpower Planning Inventory is up to date. Thus, the central agencies and deputy ministers have a shared interest and common responsibility for developing senior executives. Neither can achieve this crucial objective without the active support and full involvement of the other.